



MLP
GROUP



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

FOR THE SIX MONTHS ENDED 30 JUNE 2019

This document is a translation.
Polish version prevails.

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

Average exchange rates of the Polish zloty against the euro during the period covered by these interim condensed consolidated financial statements:

	30 June 2019	31 December 2018	30 June 2018
Average mid exchange rate during the period*	4,2880	4,2669	4,2395
Mid exchange rate on the last day of the period	4,2520	4,3000	4,3616

*Arithmetic mean of the mid exchange rates effective on the last day of each month in the reporting period.

Key items of the condensed consolidated statement of financial position translated into the euro:

	as at	30 June 2019		31 December 2018*	
		PLN '000 (unaudited)	EUR '000 (unaudited)	PLN '000	EUR '000
Non-current assets		1 716 438	403 678	1 526 027	354 890
Current assets		195 625	46 008	137 362	31 945
Total assets		1 912 063	449 686	1 663 389	386 835
Non-current liabilities		936 048	220 143	762 389	177 300
Current liabilities		98 801	23 236	85 648	19 918
Equity, including:		877 214	206 307	815 352	189 617
Share capital		4 529	1 065	4 529	1 053
Total equity and liabilities		1 912 063	449 686	1 663 389	386 835
Number of shares		18 113 255	18 113 255	18 113 255	18 113 255
Book value per share and diluted book value per share attributable to owners of the Parent (PLN)		48,43	11,39	45,01	10,47

The data in the condensed consolidated statement of financial position was translated at the mid exchange rate quoted by the National Bank of Poland for the last day of the reporting period.

* Restated.

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

<i>for 6 months ended 30 June</i>	2019		2018 *	
	PLN '000 <i>(unaudited)</i>	EUR '000 <i>(unaudited)</i>	PLN '000 <i>(unaudited, restated)</i>	EUR '000 <i>(unaudited, restated)</i>
Revenue	67 470	15 735	64 782	15 281
Other income	1 076	251	894	211
Gain on revaluation of investment property	64 841	15 122	41 802	9 860
Distribution costs and administrative expenses	(39 086)	(9 115)	(33 578)	(7 920)
Operating profit	93 326	21 764	71 558	16 879
Profit before tax	87 031	20 296	44 374	10 467
Net profit	69 164	16 130	31 482	7 426
Total comprehensive income	61 862	14 427	31 825	7 507
Net profit attributable to owners of the Parent	69 164	16 130	31 482	7 426
Earnings per share and diluted earnings per share attributable to owners of the Parent (PLN)	3,82	0,89	1,74	0,41

The data in the condensed consolidated statement of profit or loss and other comprehensive income was translated at the mid exchange rate of the euro calculated as the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period.

Key items of the condensed consolidated statement of cash flows translated into the euro:

<i>for 6 months ended 30 June</i>	2019		2018	
	PLN '000 <i>(unaudited)</i>	EUR '000 <i>(unaudited)</i>	PLN '000 <i>(unaudited)</i>	EUR '000 <i>(unaudited)</i>
Net cash from operating activities	42 765	9 973	20 198	4 764
Cash from investing activities	(101 758)	(23 731)	(103 014)	(24 299)
Cash from financing activities	134 695	31 412	119 853	28 271
Total cash flows	75 702	17 654	37 037	8 736

The data in the condensed consolidated statement of cash flows was translated at the mid exchange rate of the euro calculated as the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period.

<i>as at</i>	30 June 2019		31 December 2018*	
	PLN '000 <i>(unaudited)</i>	EUR '000 <i>(unaudited)</i>	PLN '000	EUR '000
Cash at beginning of period	46 106	10 722	64 827	15 543
Cash at end of period	122 537	28 819	46 106	10 722

The following exchange rates were used to translate the data from the condensed consolidated statement of cash flows:

- Item *Cash at end of period* – the mid exchange rate quoted by the National Bank of Poland (NBP) for the last day in the reporting period
- Item *Cash at beginning of period* – the mid exchange rate quoted by the National Bank of Poland (NBP) for the last day of the period preceding the reporting period

The EUR/PLN exchange rate on the last day of the reporting period ended 31 December 2017 was 4.1709.



MLP Group S.A. **Group**

**Interim condensed consolidated
financial statements**

**for the six months ended 30 June 2019
prepared in accordance with EU IFRS**

II. Interim condensed consolidated financial statements

Authorisation of the interim condensed consolidated financial statements

On 23 August 2019, the Management Board of the Parent, i.e. MLP Group S.A., authorised for issue these condensed consolidated financial statements (the “consolidated financial statements”, the “condensed consolidated financial statements”) of the MLP Group S.A. Group (the “Group”) for the period from 1 January 2019 to 30 June 2019.

These interim consolidated financial statements for the period from 1 January 2019 to 30 June 2019 have been prepared in accordance with the International Financial Reporting Standards, as endorsed by the European Union (“EU IFRS”), applicable to interim reporting (IAS 34). In this report, information is presented in the following sequence:

1. Condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2019 to 30 June 2019, showing a net profit of PLN 69,164 thousand;
2. Condensed consolidated statement of financial position as at 30 June 2019, showing total assets and total equity and liabilities of PLN 1,912,063 thousand;
3. Condensed consolidated statement of cash flows for the period from 1 January 2019 to 30 June 2019, showing a net increase in cash of PLN 76,431 thousand;
4. Condensed consolidated statement of changes in equity for the period from 1 January 2019 to 30 June 2019, showing an increase in consolidated equity of PLN 61,862 thousand;
5. Notes to the interim consolidated financial statements

These interim condensed consolidated financial statements have been prepared in thousands of PLN, unless stated otherwise.

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice President of the Management

Tomasz Zabost
Member of the Management Board

Condensed consolidated statement of profit or loss and other comprehensive income

	<i>for 6 months ended 30 June</i>	Note	2019 <i>(unaudited)</i>	2018 <i>(unaudited, restated)</i>
Revenue		4	67 470	64 782
Other income		5	1 076	894
Gain on revaluation of investment property		10	64 841	41 802
Distribution costs and administrative expenses		7	(39 086)	(33 578)
Other expenses		6	(975)	(2 342)
Operating profit			93 326	71 558
Finance income		8	6 694	620
Finance costs		8	(12 989)	(27 804)
Net finance (costs)			(6 295)	(27 184)
Profit before tax			87 031	44 374
Income tax		9	(17 867)	(12 892)
Net profit			69 164	31 482
Other comprehensive income				
Exchange differences on translating foreign operations			(392)	692
Effective portion of changes in fair value of cash flow hedges			(8 531)	(431)
Income tax on other comprehensive income			1 621	82
Other comprehensive income, net			(7 302)	343
Total comprehensive income			61 862	31 825
Net profit attributable to:				
Owners of the Parent			69 164	31 482
Net profit			69 164	31 482
Comprehensive income attributable to:				
Owners of the Parent			61 862	31 825
Total comprehensive income			61 862	31 825
Earnings per share		17		
- Basic and diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent			3,82	1,74

Condensed consolidated statement of financial position

	<i>as at Note</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018 *
Non-current assets			
Property, plant and equipment		1 410	529
Intangible assets		469	678
Investment property	10	1 634 835	1 448 594
Other long-term investments	12	76 917	72 088
Other non-current assets		520	653
Deferred tax assets	11	2 287	3 485
Total non-current assets		1 716 438	1 526 027
Current assets			
Inventories		25	144
Short-term investments	12	22 291	22 291
Income tax receivable	13	168	516
Trade and other receivables	13	46 688	57 754
Other short-term investments	12	3 916	10 551
Cash and cash equivalents	14	122 537	46 106
Total current assets		195 625	137 362
TOTAL ASSETS		1 912 063	1 663 389
Equity			
	16		
Share capital		4 529	4 529
Capital reserve		83 680	83 680
Share premium		71 121	71 121
Statutory reserve funds		154 575	153 963
Cash flow hedge reserve		(8 008)	(1 098)
Translation reserve		(443)	(70)
Retained earnings		571 760	503 227
Total equity		877 214	815 352
Non-current liabilities			
Borrowings and other debt instruments	18.1	760 722	612 667
Deferred tax liability	11	130 729	119 474
Other non-current liabilities	18.1	44 597	30 248
Total non-current liabilities		936 048	762 389
Current liabilities			
Borrowings and other debt instruments	18.2	21 768	30 996
Other current liabilities	18.2	140	-
Employee benefit obligations	19	918	918
Income tax payable	20	923	2 959
Trade and other payables	20	75 052	50 775
Total current liabilities		98 801	85 648
Total liabilities		1 034 849	848 037
TOTAL EQUITY AND LIABILITIES		1 912 063	1 663 389

* Restated.

Condensed consolidated statement of cash flows

	<i>for 6 months ended 30 June</i>	Note	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before tax			87 031	44 374
<i>Total adjustments:</i>				
Depreciation and amortisation			436	101
Change in fair value of investment properties			(64 841)	(41 802)
Net interest			9 750	7 807
Exchange differences			(7 992)	19 493
Other			(1 798)	(104)
Change in receivables		15.2	11 185	(18 817)
Change in current and other liabilities		15.3	14 475	12 071
Cash from operating activities			48 246	23 123
Income tax paid			(5 481)	(2 925)
Net cash from operating activities			42 765	20 198
Cash flows from investing activities				
Purchase of investment property, property, plant and equipment and intangible assets			(103 921)	(96 435)
Other cash used in investing activities			(4 472)	(6 579)
Other cash from investing activities			6 635	-
Cash from investing activities			(101 758)	(103 014)
Cash flows from financing activities				
Increase in borrowings		15.1	439 211	94 418
Repayment of borrowings		15.1	(290 778)	(10 718)
Issue of debt securities			-	42 473
Interest paid			(13 738)	(6 320)
Cash from financing activities			134 695	119 853
Total cash flows			75 702	37 037
Cash and cash equivalents at beginning of period		14	46 106	64 827
Effect of exchange differences on cash and cash equivalents			729	1 235
Cash and cash equivalents at end of period		14	122 537	103 099

Condensed statement of changes in consolidated equity

Equity attributable to the owners of the Parent

	Share capital	Capital reserve	Share premium	Statutory reserve funds	Cash flow hedge reserve	Translation reserve	Retained earnings	Total equity
Equity as at 1 January 2018	4 529	81 384	71 121	153 963	(208)	(540)	416 402	726 651
<u>Comprehensive income:</u>								
Net profit/(loss)*	-	-	-	-	-	-	31 482	31 482
Total other comprehensive income*	-	-	-	-	(349)	692	-	343
Comprehensive income for the period ended 30 June 2018*	-	-	-	-	(349)	692	31 482	31 825
Equity as at 30 June 2018*	4 529	81 384	71 121	153 963	(557)	152	447 884	758 476
Equity as at 1 January 2019	4 529	83 680	71 121	153 963	(1 098)	(70)	503 227	815 352
<u>Comprehensive income:</u>								
Net profit/(loss)*	-	-	-	-	-	-	69 164	69 164
Total other comprehensive income*	-	-	-	-	(6 910)	(373)	(19)	(7 302)
Comprehensive income for the period ended 30 June 2019*	-	-	-	-	(6 910)	(373)	69 145	61 862
Net profit distribution*	-	-	-	612	-	-	(612)	-
Equity as at 30 June 2019	4 529	83 680	71 121	154 575	(8 008)	(443)	571 760	877 214

* Unaudited.

Notes to the interim condensed consolidated financial statements

1. General information

1. 1 The Parent

The Parent of the Group is MLP Group S.A. (the “Company”, the “Parent”, or the “Issuer”), a listed joint-stock company registered in Poland. The Company's registered office is located at ul. 3-go Maja 8 in Pruszków, Poland.

The Parent was established as a result of transformation of the state-owned enterprise Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy into a state-owned joint-stock company. The deed of transformation was drawn up before a notary public on 18 February 1995. Pursuant to a resolution of the Company's General Meeting of 27 June 2007, the Company trades as MLP Group S.A.

At present, the Company is registered with the National Court Register maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division, under No. KRS 0000053299.

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

Management Board:

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

Supervisory Board:

- | | |
|----------------------|--|
| • Shimshon Marfogel | - Chairman of the Supervisory Board |
| • Eytan Levy | - Deputy Chairman of the Supervisory Board |
| • Daniel Nimrodi | - Member of the Supervisory Board |
| • Guy Shapira | - Member of the Supervisory Board |
| • Piotr Chajderowski | - Member of the Supervisory Board |
| • Maciej Matusiak | - Member of the Supervisory Board |

1. 2 The Group

As at the reporting date, the MLP Group S.A. Group (the “Group”) consisted of MLP Group S.A., i.e. the Parent, and 32 subsidiaries.

The higher level parent of the Group is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: 2 Martinus Nijhofflaan, 2624 ES Delft.

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

The Parent's and its subsidiaries' principal business activities comprise development, purchase and sale of own real estate, lease of own real estate, management of residential and non-residential real estate, general activities involving construction of buildings, and construction.

As at 30 June 2019, the Group comprised the following entities:

Entity	Country of registration	Parent's direct and indirect interest in equity		Parent's direct and indirect interest in voting rights	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Czeladź Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West SRL	Romania	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Germany Management GmbH	Germany	100%	100%	100%	100%

1. 3 Changes in the Group

In the six months ended 30 June 2019, there were no changes in the structure of the MLP Group S.A. Group.

These interim consolidated financial statements for the six months ended 30 June 2019 include financial statements of the Parent and of the subsidiaries controlled by the Parent ("the Group").

1. 4 Shareholding structure of the Parent

1. 4. 1 Shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company

From the date of issue of the most recent interim report to the reporting date there were changes in the group of shareholders holding, directly or through subsidiaries, 5% or more of total voting rights in the Company, and as at the end of the reporting period the shareholders were:

Shareholder	Number of shares and voting rights	% interest in equity and voting rights
CAJAMARCA Holland BV	10 319 842	56,97%
Other shareholders	1 761 703	9,73%
THESINGER LIMITED	1 771 320	9,78%
Aegon Powszechno Towarzystwo Emerytalne S.A. ¹⁾	1 220 652	6,74%
MetLife OFE ²⁾	1 696 900	9,37%
GRACECUP TRADING LIMITED	641 558	3,54%
MIRO B.V.	452 955	2,50%
Shimshon Marfogel	149 155	0,82%
MIRO LTD.	99 170	0,55%
Total	18 113 255	100,00%

¹⁾Aegon PTE S.A.'s equity interest increased from 1,149,775 to 1,220,652 Company shares in December 2018 and to 1,220,652 Company shares in June 2019, and now represents 6.74% of the share capital and confers rights to 1,220,652 votes, i.e. 6.74% of total voting rights in the Company.

²⁾In December 2018, MetLife OFE's equity interest increased from 948,387 to 1,696,000 Company shares, and now represents 9.37% of the share capital and confers rights to 1,696,000 votes, i.e. 9.37% of total voting rights in the Company.

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

Michael Shapiro holds indirectly, through his fully-controlled companies MIRO B.V. and MIRO Ltd., a 3.05% interest in MLP Group S.A.'s share capital, and, through a 25% interest in the share capital held by MIRO B.V. in Cajamarca Holland B.V., Mr Shapiro is the beneficial owner of 14.24% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro is the beneficial owner of a 17.29% interest in the share capital of MLP Group S.A.

Shimshon Marfogel, Chairman of the Supervisory Board, is – indirectly, through a 7.86% interest held in the share capital of a company (Thesinger Limited) holding Issuer shares – the beneficial owner of 0.77% of the share capital of MLP Group S.A., and holds directly an 0.82% interest in the share capital of the Company in the for of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel is the beneficial owner of a 1.59% interest in the share capital of MLP Group S.A.

The other members of the Supervisory Board have no direct holdings in the Company's share capital.

2. Basis of preparation of the interim consolidated financial statements

2. 1 Statement of compliance

The Group prepared its condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union. The Group applied all standards and interpretations which are applicable in the European Union except for those which are awaiting approval by the European Union and those standards and interpretations which have been approved by the European Union but are not yet effective.

2. 2 Status of standards approval in the European Union

2. 2. 1 Standards and interpretations endorsed by the European Union and effective as of 1 January 2019

The impact of the amended and new standards on the Group's future consolidated financial statements is discussed in Note 2.2 to the consolidated financial statements for 2018.

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements for 2018, except for IFRS 16 *Leases*, which has been effective from 1 January 2019.

The following new standard was applied for the first time in the Group's consolidated financial statements for 2019:

IFRS 16 Leases

The Group adopted the new IFRS 16 *Leases* as of 1 January 2019. The comparative data for the financial year 2018 was restated.

Recognition of lease liabilities

The Group does not recognise lease liabilities arising under leases previously classified as operating leases in accordance with IAS 17 *Leases*. The estimated present value of lease payments outstanding on the date of initial application of IFRS 16 was low (PLN 330 thousand) and was related to the lease of company cars.

Recognition of right-of-use assets

Right-of-use assets are measured at cost.

As at 1 January 2019, the Group chose to recognise the assets at discounted amounts of liabilities.

Right-of-use assets are presented in the statement of financial position in the same line item where underlying assets owned by the Company would be presented. Depreciation of right-of-use assets was recognised in the statement of profit or loss in the same line items as other expenses of this type.

Application of estimates and judgements

The implementation of IFRS 16 requires making certain estimates, judgements and calculations that influence the measurement of finance lease liabilities and right-of-use assets. These include:

- assessment whether a lease payment is a fixed, in-substance fixed or variable payment;
- assessment whether a contract contains a lease under IFRS 16;
- determining the lease term (including for contracts with an indefinite term or an extension option);
- determining the interest rate to be used to discount future cash flows;
- determining the depreciation rate.

Use of practical expedients

On initial application of IFRS 16, the Group applied the following practical expedients available under the standard:

- application of a single discount rate (4.2%) to a portfolio of leases that have similar characteristics.

Effect on the statement of financial position as at 31 December 2018

For presentation of the restatement of comparative data for the period ended 31 December 2018, see Note 28.

Effect on equity

The application of IFRS 16 had no effect on retained earnings or equity as at 31 December 2018 because the right-of-use assets were recognised at the same amounts as lease liabilities.

Effect on financial ratios

Since the Group recognises right-of-use assets in its statement of financial position, the adoption of IFRS 16 had an impact on its balance sheet ratios, including the debt to equity ratio. The Group analysed the impact of the changes on its compliance with financial covenants under credit facility agreements. No risk of non-compliance was identified.

Presented below is an additional disclosure of detailed accounting policies related to IFRS 9 *Financial Instruments coming into force*.

IFRS 9 Financial Instruments

Under IFRS 9, the Company is required to recognise a loss allowance for lifetime expected credit losses, and if at the reporting date the credit risk on a financial instrument has not increased significantly, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company applies a three-stage impairment model with respect to financial assets other than trade receivables:

- Stage 1 – financial instruments on which the credit risk has not increased significantly since initial recognition. Expected credit losses are determined based on the probability of default occurring within the next 12 months (i.e. total expected credit losses are multiplied by the probability of default occurring in the next 12 months);
- Stage 2 – financial instruments that have had a significant increase in credit risk since initial recognition, but have no objective evidence of impairment; expected credit losses are calculated based on the probability of default over the life of an asset;
- Stage 3 – financial instruments for which there is objective evidence of impairment.

To the extent that the Company is required under the above model to make an assessment as to whether there has been a significant increase in credit risk, such assessment is made taking into account the following factors:

- a loan is past due 30 days or more;
- there have been legislative, technological or macroeconomic changes having a material adverse effect on the debtor;
- a significant adverse event has been reported concerning the loan or another loan taken by the same debtor from another lender, for instance a loan agreement has been terminated, there has been a default under its terms and conditions, or the loan agreement has been renegotiated due to financial distress of the debtor, etc.
- the debtor has lost a significant customer or supplier or has experienced other adverse developments on its market.

With respect to short-term receivables, the Company has performed an analysis of the effect of expected losses using the simplified method, which is permitted to be used under IFRS 9 to estimate the effect of expected credit losses with respect to short-term trade receivables.

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

These interim consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future and in conviction that there are no circumstances which would indicate a threat to the Group's continuing as a going concern.

These interim consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements for 2018.

2. 4 **Functional currency and presentation currency of the financial statements; rules applied to translate financial data**

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

The data contained in these interim consolidated financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand. The Polish złoty is the functional currency of the Parent and the presentation currency of these interim condensed consolidated financial statements.

2. 4. 2 **Rules applied to translate financial data**

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

Consolidated statement of financial position:

	30 June 2019	31 December 2018	30 June 2018
EUR	4,2520	4,3000	4,3616
USD	3,7336	3,7597	3,7440

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

In these interim condensed consolidated financial statements, material judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those presented in Note 2 to the consolidated financial statements for 2018.

The preparation of consolidated financial statements in accordance with IAS 34 requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on experience and other factors deemed reasonable under the circumstances, and their results provide a basis for judgement about carrying amounts of assets and liabilities that are not directly attributable to other sources. Actual results may differ from the estimates.

3. **Segment reporting**

The primary and sole business activity of the Group is construction and management of logistics space. The Group's revenue is derived from renting of own property and from property revaluation.

The Group operates in Poland, in Germany (since April 2017) and Romania (since October 2017). Locations of the Group's assets coincide with the location of its customers. Operating segments are the same as the Group's geographical segments.

As at 30 June 2019 and in the reporting period then ended, the Group had three geographical segments – Poland, Germany and Romania.

Operating segments

	6 months ended 30 June			2019*	
	Poland	Germany	Romania	Inter-segment eliminations	Total
Revenue					
Sales to external customers	65 859	1 611	-	-	67 470
Gain/(loss) on revaluation of investment property	54 598	7 392	2 851	-	64 841
Total segment revenue	120 457	9 003	2 851	-	132 311
Segment's operating profit/(loss)	84 494	6 396	2 335	-	93 225
Segment's other income/(expense)	16	86	(1)	-	101
Profit/(loss) before tax and net finance costs	84 510	6 482	2 334	-	93 326
Net finance income/(costs)	(6 021)	(204)	(502)	432	(6 295)
Profit/(loss) before tax	78 489	6 278	1 832	432	87 031
Income tax	(16 335)	(1 266)	(266)	-	(17 867)
Net profit/(loss)	62 154	5 012	1 566	432	69 164

	6 months ended 30 June			2018*	
	Poland**	Germany	Romania	Inter-segment eliminations	Total**
Revenue					
Sales to external customers	61 580	3 202	-	-	64 782
Gain/(loss) on revaluation of investment property	43 104	(923)	(379)	-	41 802
Total segment revenue	104 684	2 279	(379)	-	106 584
Segment's operating profit/(loss)	71 885	1 536	(415)	-	73 006
Segment's other income/(expense)	(1 450)	2	-	-	(1 448)
Profit/(loss) before tax and net finance costs	70 435	1 538	(415)	-	71 558
Net finance income/(costs)	(27 169)	(229)	(15)	229	(27 184)
Profit/(loss) before tax	43 266	1 309	(430)	229	44 374
Income tax	(12 458)	(442)	8	-	(12 892)
Net profit/(loss)	30 808	867	(422)	229	31 482

* Unaudited.

** Restated.

	<i>as at</i>				
	30 June 2019*				
	Poland	Germany	Romania	Inter-segment eliminations	Total
Assets and liabilities					
Segment's assets	1 882 662	38 633	59 885	(69 117)	1 912 063
Total assets	1 882 662	38 633	59 885	(69 117)	1 912 063
Segment's liabilities	1 023 765	32 120	48 081	(69 117)	1 034 849
Equity	858 897	6 513	11 804	-	877 214
Total equity and liabilities	1 882 662	38 633	59 885	(69 117)	1 912 063
Expenditure on property	102 676	369	19 582	-	122 627

	<i>as at</i>				
	31 December 2018				
	Poland **	Germany	Romania	Inter-segment eliminations	Total **
Assets and liabilities					
Segment's assets	1 645 689	26 412	32 452	(41 164)	1 663 389
Total assets	1 645 689	26 412	32 452	(41 164)	1 663 389
Segment's liabilities	842 470	24 853	21 878	(41 164)	848 037
Equity	803 219	1 559	10 574	-	815 352
Total equity and liabilities	1 645 689	26 412	32 452	(41 164)	1 663 389
Expenditure on properties	184 559	3 300	2 047	-	189 906

* Unaudited.

** Restated.

Inter-segment eliminations are related to intercompany loans advanced by the Group's Polish companies to the companies in Germany and Romania.

4. Revenue

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited, restated)</i>
Rental income		50 971	45 079
Other revenue		15 139	13 431
Revenue from development contract concluded by MLP Bieruń Sp. z o.o. ¹⁾		1 360	6 272
Total revenue		67 470	64 782

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited, restated)</i>
Recharge of utility costs		14 428	12 532
Rental income from apartments		17	17
Services provided to tenants		256	196
Other revenue		438	686
Other revenue		15 139	13 431

¹⁾ Together with the agreement to sell property forming part of the MLP Bieruń logistics park, MLP Bieruń Sp. z o.o. signed a development contract whereby it undertook to complete the construction and to commercialise the park. In the performance of the contract, MLP Bieruń Sp. z o.o. leased 11,340 m² of space to Auto Partner and finished the project, with Stage 1 completed in 2017. On this account, in 2017 the Group recognised revenue of PLN 3,789 thousand (PLN 6,272 in Q1 2018), calculated based on the percentage of completion of the work.

In 2018, MLP Bieruń Sp. z o.o. leased the remaining space of 11,560 m² to the same tenant and worked on Stage 2 of the project (construction of the warehouse). On this account, in 2018 the Group recognised revenue of PLN 22,117 thousand, calculated based on the percentage of completion of the work. The construction was completed and accounted for in February 2019. As a result, the Group recognised revenue of PLN 1,360 thousand in 2019.

5. Other income

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Reversal of impairment losses on receivables		10	75
Contractual penalties received		173	66
Other		816	205
Gain on disposal of non-financial non-current assets		75	187
Reversal of provision for future costs		2	361
Other income		1 076	894

6. Other expenses

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Impairment losses on receivables		-	(951)
Court fees		(161)	(43)
Costs of donations made		(11)	-
Costs of insurance policies		(795)	(35)
Other		(7)	(79)
Cost of capital expenditure		-	(736)
Damages and contractual penalties paid		(1)	(498)
Other expenses		(975)	(2 342)

7. Distribution costs and administrative expenses

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited, restated)</i>
Depreciation and amortisation		(436)	(101)
Raw materials and consumables used		(14 070)	(10 957)
Services		(13 242)	(12 353)
Taxes and charges		(8 695)	(7 171)
Wages and salaries		(1 678)	(1 021)
Social security and other employee benefits		(315)	(206)
Other expenses by nature		(650)	(1 766)
Cost of merchandise and materials sold		-	(3)
Distribution costs and administrative expenses		(39 086)	(33 578)

Distribution costs and administrative expenses for the period ended 30 June 2019 were PLN 39,086 thousand. They mostly include costs of maintenance of income-generating investment properties. Costs that are not directly related to those properties are depreciation of property, plant and equipment used in operating activities and not generating rental income, as well as the portion of property tax attributable to undeveloped land.

Cost of services also includes PLN 649 thousand (H1 2018: PLN 3,927 thousand) incurred in connection with the execution of Stage 2 of the project under the development contract executed in September 2015 between MLP Bieruń Sp. z o.o. and WestInvest Gesellschaft für InvestmentfonmbH. The project was completed and accounted for in February 2019.

8. Finance income and costs

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Interest income on loans advanced		517	559
Interest income on bank deposits		22	44
Other interest income		36	-
Net exchange differences		6 100	-
Interest on receivables		19	17
Total finance income		6 694	620

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Interest expense on borrowings		(5 534)	(4 553)
Other interest expense		(202)	(4)
Interest paid on swap contracts		(3 013)	(1 053)
Net interest income on cash flow hedge		93	(33)
Ineffective portion of remeasurement of cash flow hedges		-	(1 283)
Net exchange differences		-	(18 734)
Interest expense on bonds		(1 856)	(1 444)
Other finance costs		(152)	(125)
Debt service costs		(2 325)	(575)
Total finance costs		(12 989)	(27 804)

On 25 January 2019, MLP Gliwice Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 29 March 2019, MLP Czeladź Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Powszechna Kasa Oszczędności Bank Polski S.A.

On 3 June 2019, each of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with each of the following banks: ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch. Previous variable-to-fixed interest rate swap contracts concluded by the companies with BGŻ BNP Paribas S.A. and mBank S.A. were terminated following repayment of the credit facilities contracted with those banks.

With these contractual arrangements in place, future interest payments on variable-rate credit facilities will be effectively exchanged for interest payments calculated according to schedules defined in the swap contracts. differences are mainly attributable to the effect of measurement of liabilities under EUR-denominated and USD-denominated borrowings at the end of the reporting period. Between 31 December 2018 and 30 June 2019, the Polish currency appreciated by PLN 0.048, or 1.12%. This led to the recognition of foreign exchange gains of PLN 6,100 thousand, which contributed to the Group's net finance income/(costs).

9. Income tax

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Current income tax		3 722	2 757
Temporary differences/reversal of temporary		14 145	10 135
Income tax		17 867	12 892

Effective tax rate

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Profit before tax		87 031	44 374
<i>Tax at the applicable tax rate (19%)</i>		<i>(16 536)</i>	<i>(8 431)</i>
Excess of commercial property tax over income tax		(748)	-
Difference resulting from different tax rates at MLP Logistic Park Germany I Sp. z o.o. Co.&KG and at MLP Bucharest West SRL		375	(259)
Unrecognised asset for tax loss		(1 396)	(4 366)
Write off of unused deferred tax asset for tax loss		(2)	-
Use of tax previously written off		(42)	256
Non-tax-deductible costs		482	(92)
Income tax		(17 867)	(12 892)

Tax laws relating to value added tax, corporate and personal income tax, and social security contributions are frequently amended. Therefore, it is often the case that no reference can be made to established regulations or legal precedents. The laws tend to be unclear, thus leading to differences in opinions as to legal interpretation of fiscal regulations, both between different state authorities and between state authorities and businesses. Tax and other settlements (customs duties or foreign exchange settlements) may be inspected by authorities empowered to impose significant penalties, and any additional amounts assessed following an inspection must be paid with interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.

Tax settlements may be subject to inspection over a period of five years following the end of the following tax year. As a result, the amounts disclosed in the financial statements may change at a later date, once their final amount is determined by the tax authorities.

10. Investment property

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018 *
Gross amount at beginning of period	1 448 594	1 168 303
Expenditure on properties	122 627	189 906
Currency translation differences	(1 227)	1 672
Change in fair value	64 841	88 713
Gross amount at end of period	1 634 835	1 448 594

* Restated.

Investment property includes warehouses and land for development. Rental income from lease of warehouses is the key source of the Group's revenue. Investment property as at 30 June 2019 includes perpetual usufruct rights of PLN 21,142 thousand. The change is attributable to the Group's implementation of IFRS 16 starting from 1 January 2019.

Between 31 December 2018 and 30 June 2019, the value of investment property rose by EUR 45,117 thousand, to EUR 379,372 thousand. The change was mainly attributable to the expenditure on the construction work at new parks, execution of new contracts for lease of space in the new facilities, and obtaining a building permit for new facilities. The appreciation of the Polish currency by PLN 0.048 (1.12%) contributed to a change in the value of investment property as translated from the euro into the złoty and a decrease in its fair value (PLN 16,044 thousand as at 30 June 2019).

The Group is a party to court proceedings relating to revision of the perpetual usufruct charge rate. As at the date of issue of this report, the Management Board of MLP Group S.A. was not able to estimate the amount of the charge. The amount determined by the court may affect the value of investment property and finance lease liabilities.

Investment property by parks

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018 *
MLP Pruszków I park		
Fair value of property - MLP Pruszków I	377 365	351 997
Perpetual usufruct - MLP Pruszków I	17 775	8 977
	395 140	360 974
MLP Pruszków II park		
Fair value of property - MLP Pruszków II	503 777	461 790
Perpetual usufruct - MLP Pruszków II	3 368	1 701
	507 145	463 491
MLP Poznań park		
Fair value of property - MLP Poznań	138 062	133 188
	138 062	133 188
MLP Lublin park		
Fair value of property - MLP Lublin	123 946	88 498
	123 946	88 498

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018 *
MLP Teresin park		
Fair value of property - MLP Teresin	71 391	70 004
	71 391	70 004
MLP Gliwice park		
Fair value of property - MLP Gliwice	101 580	99 459
	101 580	99 459
MLP Wrocław park		
Fair value of property - MLP Wrocław	88 144	84 994
	88 144	84 994
MLP Czeladź park		
Fair value of property - MLP Czeladź	78 407	59 000
	78 407	59 000
MLP Poznań West park¹⁾		
Fair value of property - MLP Poznań	43 838	32 035
	43 838	32 035
MLP Unna park		
Fair value of property - MLP Unna	32 400	24 639
	32 400	24 639
MLP Bucharest West park		
Fair value of property - MLP Bucharest West	54 156	31 723
	54 156	31 723
Expenditure on new projects	491	454
MLP Energy - apartments	135	135
Gross amount at end of period	1 634 835	1 448 594

* Restated.

¹⁾ On 4 March 2019, the Group signed a material lease contract and obtained a building permit for the construction of facilities in the MLP Poznań West logistics park, which increased the property valuation.

For information on security created over investment property see Note 2.2.

In line with the applied accounting policy, the part of interest expense on borrowings which is attributable to unsettled investment expenditure is capitalised and increases the value of the property.

10. 1 Fair value of the Group's investment property

The fair value of investment property was calculated based on expert reports issued by independent expert appraisers, with recognised professional qualifications and with experience in investment property valuation (based on inputs that are not directly observable – Level 3).

The valuations were prepared in accordance with Royal Institution of Chartered Surveyors (RICS) standards and conform with the International Valuation Standards (IVS) as published by the International Valuation Standards Committee (IVSC).

The income approach was used in the valuation of existing buildings and land with building permits, while in the case of undeveloped land the market approach was applied.

Due to the different locations and characteristics of the Group's investment properties, the yield rates assumed by the appraisers for the individual logistics parks vary from 5.75% to 8.25%.

The Group measures the fair value of its property portfolio twice a year, i.e. as at 30 June and 31 December. The experts determined the fair value of the properties located in Poland, including the land reserve, using the market approach, and in the reports the fair value is expressed in the Polish złoty (PLN). The fair value of the other properties is expressed in the euro and is subsequently translated at the mid rates quoted by the National Bank of Poland at the end of the reporting period.

The valuation method did not change relative to previous periods.

In the year ended 30 June 2019, there were no reclassifications between the fair value hierarchy levels.

Fair value measurement using significant unobservable inputs (Level 3)

	Fair value as at 30 June 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Pruszków I logistics park					
(i) warehouse and office buildings	88 750 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 1.32–9.39/m ² (EUR 3.23/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.25% - 8% (7.13%)	The lower the yield rate, the higher the fair value
88 750 ths EUR					
MLP Pruszków II logistics park					
(i) warehouse and office buildings	95 310 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.36–4.67/m ² (EUR 3.83/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.75% - 8% (6.88%)	The lower the yield rate, the higher the fair value
(ii) stack	4 500 ths EUR	Income approach	Monthly rent	30,64 ths EUR	The higher rent, the higher the fair value
			Yield rate	8,00%	The lower the yield rate, the higher the fair value
(iii) parking lot	3 000 ths EUR	Income approach	Monthly rent	9,419 - 11,522 ths EUR (10,471 ths EUR)	The higher rent, the higher the fair value
			Yield rate	6.5% - 8% (7.25%)	The lower the yield rate, the higher the fair value
(iv) land reserve	3 200 ths EUR	Market approach	Price per 1 m ²	EUR 58.82/m ² (PLN 250.00/m ²)	The higher the price per 1 m ² , the higher the fair value
(v) land with building permit	12 470 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
118 480 ths EUR					

	Fair value as at 30 June 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Poznań logistics park					
(i) warehouse and office buildings	29 270 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.34 - 3.76/m ² (EUR 3.60/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.5% - 7.25% (6.88%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	3 200 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
32 470 ths EUR					
MLP Lublin logistics park					
(i) warehouse and office buildings	29 020 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.26–3.66/m ² (EUR 3.58/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.5%	The lower the yield rate, the higher the fair value
(ii) land reserve	130 ths EUR	Market approach	Price per 1 m ²	EUR 44.92/m ² (PLN 191.00/m ²)	The higher the price per 1 m ² , the higher the fair value
29 150 ths EUR					

	Fair value as at 30 June 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Teresin logistics park					
(i) warehouse and office buildings	16 790 ths EUR	Income approach	Monthly rent rate per 1 m ²	(EUR 2.92/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.75% - 7.25% (7%)	The lower the yield rate, the higher the fair value
16 790 ths EUR					
MLP Gliwice logistics park					
(i) warehouse and office buildings	21 240 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.28 - 3.83/m ² (EUR 3.56/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6% - 6.5% (6.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	2 650 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
23 890 ths EUR					
MLP Wrocław logistics park					
(i) warehouse and office buildings	15 500 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.55 - 3.84/m ² (EUR 3.70/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.75% - 6.75% (6.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	5 230 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
20 730 ths EUR					

	Fair value as at 30 June 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Czeladź logistics park					
(i) warehouse and office buildings	11 810 ths EUR	Income approach	Monthly rent rate per 1 m ²	(EUR 3.82 EUR/m ²)	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	5.75% - 6.75% (6.25%)	The higher the estimated construction costs, the lower the fair value
(ii) land with building permit	6 630 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
18 440 ths EUR					
MLP Unna logistics park					
(i) land with building permit	7 620 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
7 620 ths EUR					
MLP Bucharest West logistics park					
(i) warehouse and office buildings	6 623 ths EUR	Income approach	Monthly rent rate per 1 m ²	(EUR 4.13/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	8.25%	The lower the yield rate, the higher the fair value
(ii) land reserve	6 119 ths EUR	Market approach	Price per 1 m ²	EUR 39/m ² (PLN 164.35/m ²)	The higher the price per 1 m ² , the higher the fair value
12 742 ths. EUR					

	Fair value as at 30 June 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Poznań West logistic park					
(i) land with building permit	10 310 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	10 310 ths EUR				
	379 372 ths EUR				

(a) Estimated net capitalised income: calculated based on estimated rent rates and yield rates

(b) Estimated construction cost: project construction costs calculated based on cost estimates for the given type of project

Fair value measurement using significant unobservable inputs (Level 3)

	Fair value as at 31 December 2018	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Pruszków I logistics park					
(i) warehouse and office buildings	81 860 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 1.30–9.29/m ² (EUR 3.25/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	7.50% - 8.50% (8.00%)	The lower the yield rate, the higher the fair value
81 860 ths EUR					
MLP Pruszków II logistics park					
(i) warehouse and office buildings	81 420 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 2.03–9.58/m ² (EUR 3.4/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.5% - 7% (7.02%)	The lower the yield rate, the higher the fair value
(ii) stack	4 177 ths EUR	Income approach	Monthly rent	EUR 29.31 thousand	The higher rent, the higher the fair value
			Yield rate	-8,25%	The lower the yield rate, the higher the fair value
(iii) parking lot	2 756 ths EUR	Income approach	Monthly rent	EUR 8 - 9.662 thousand (EUR 8.831 thousand)	The higher rent, the higher the fair value
			Yield rate	-8,25%	The lower the yield rate, the higher the fair value
(iv) land reserve	5 580 ths EUR	Market approach	Price per 1 m ²	EUR 56.98/m ² (PLN 274.00/m ²)	The higher the price per 1 m ² , the higher the fair value
(v) land with building permit	13 460 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
107 393 ths EUR					

	Fair value as at 31 December 2018	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Poznań logistics park					
(i) warehouse and office buildings	27 994 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.28–4.66/m ² (EUR 3.97/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	7% - 7.25% (7.13%)	The lower the yield rate, the higher the fair value
(iii) land with building permit	2 980 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
30 974 ths EUR					
MLP Lublin logistics park					
(i) warehouse and office buildings	17 071 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.19–3.91/m ² (EUR 3.55/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	7% - 7.27% (7.14%)	The lower the yield rate, the higher the fair value
(iv) land reserve	100 ths EUR	Market approach	Price per 1 m ²	EUR 31.71/m ² (PLN 140.00/m ²)	The higher the price per 1 m ² , the higher the fair value
(ii) land with building permit	3 410 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
20 581 ths EUR					

	Fair value as at 31 December 2018	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Teresin logistics park					
(i) warehouse and office buildings	16 280 ths EUR	Income approach	Monthly rent rate per 1 m ²	(EUR 2.92/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	(7.05%)	The lower the yield rate, the higher the fair value
16 280 ths EUR					
MLP Gliwice logistics park					
(i) warehouse and office buildings	20 260 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.27-3.83/m ² (EUR 3.55/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	(6.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	2 870 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
23 130 ths EUR					
MLP Wrocław logistics park					
(i) warehouse and office buildings	14 406 ths EUR	Income approach	Monthly rent rate per 1 m ²	EUR 3.29–4.28/m ² (EUR 3.79/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	(6.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	5 360 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
19 766 ths EUR					

	Fair value as at 31 December 2018	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Czeladź logistics park					
(i) land with building permit	5 911 ths EUR	Residual approach	Capitalised net income	(EUR 4.28 EUR/m ²)	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	(6.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	7 810 ths EUR	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
13 721 ths EUR					
MLP Unna logistics park					
(i) land with building permit	5 730 ths EUR	Mixed approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
5 730 ths EUR					
MLP Bucharest West logistics park					
(i) land reserve	7 370 tys. EUR	Market approach	Price per 1 m ²	EUR 30.00/m ²	The higher the price per 1 m ² , the higher the fair value
7 370 ths EUR					
MLP Unna logistics park					
(i) land with building permit	7 450 ths EUR	Mixed approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
7 450 ths EUR					
334 255 ths EUR					

(a) Estimated net capitalised income: calculated based on estimated rent rates and yield rates

(b) Estimated construction cost: project construction costs calculated based on cost estimates for this type of project

11. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net amount	
	30 June	31 December	30 June	31 December	30 June	31 December
	<i>as at</i> 2019 (unaudited)	2018	2019 (unaudited)	2018	2019 (unaudited)	2018
Investment property	-	-	135 440	121 282	135 440	121 282
Borrowings and loans advanced	-	861	537	-	537	(861)
Derivatives	1 884	995	-	-	(1 884)	(995)
Other	923	-	-	522	(923)	522
Tax losses deductible in future periods	4 630	3 862	-	-	(4 630)	(3 862)
Interest on bonds	98	97	-	-	(98)	(97)
Deferred tax assets / liabilities	7 535	5 815	135 977	121 804	128 442	115 989

	<i>as at</i>	30 June 2019 (unaudited)	31 December 2018
Including:			
Deferred tax asset		(2 287)	(3 485)
Deferred tax liability		130 729	119 474
		128 442	115 989

Unrecognised deferred tax asset on tax loss as at 30 June 2019 was PLN 9,546 thousand.

Based on the tax budgets prepared by the Group, the Management Board considers it justified to recognise a deferred tax asset on tax loss in the amount disclosed in the statement of financial position.

	1 January 2018	changes recognised in profit or loss	changes recognised in other comprehensive income	currency translation differences	31 December 2018
Investment property	99 307	21 930	-	45	121 282
Borrowings and loans advanced	1 748	(2 609)	-	-	(861)
Derivatives	(433)	(353)	(209)	-	(995)
Other	99	404	-	19	522
Tax losses deductible in future periods	(7 846)	3 984	-	-	(3 862)
Interest on bonds	(67)	(30)	-	-	(97)
	92 808	23 326	(209)	64	115 989

	1 January 2019	changes recognised in profit or loss	changes recognised in other comprehensive income	currency translation differences	30 June 2019
Investment property	121 282	14 229	-	(71)	135 440
Borrowings and loans advanced	(861)	1 398	-	-	537
Derivatives	(995)	732	(1 621)	-	(1 884)
Other	522	(1 445)	-	-	(923)
Tax losses deductible in future periods	(3 862)	(768)	-	-	(4 630)
Interest on bonds	(97)	(1)	-	-	(98)
	115 989	14 145	(1 621)	(71)	128 442

12. Investments and other investments

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Other long-term investments	26 767	22 295
Long-term loans to related entities	50 150	49 793
Other long-term investments	76 917	72 088
Short-term loans to related entities	152	152
Short-term loans to other entities	22 139	22 139
Short-term investments	22 291	22 291
Restricted cash	3 916	10 551
Other short-term investments	3 916	10 551

Other long-term investments comprise long-term portion of restricted cash of PLN 26,767 thousand. This amount includes: (i) cash of PLN 15,549 thousand that was earmarked, in accordance with the terms of credit facility agreements, to secure repayment of principal and interest, (ii) PLN 3,297 thousand representing a retained security deposit from a tenant placed as a term deposit, (iii) as well as other retained security deposits of PLN 7,921 thousand.

Other short-term investments include short-term portion of restricted cash of PLN 3,916 thousand. This amount includes: (i) short-term portion of retained security deposits of PLN 2,228 thousand, and (ii) short-term portion of cash earmarked in accordance with the terms of credit facility agreements of PLN 1,688 thousand.

12. 1 Change in financial assets attributable to financing and other activities

	<i>Loan assets</i>
Amount as at 31 December 2018	72 084
Interest accrued	517
Change in carrying amount	(160)
Amount as at 30 June 2019	72 441

13. Trade and other receivables

	<i>as at</i>	30 June 2019	31 December 2018
		<i>(unaudited)</i>	
Trade receivables		16 323	14 503
Investment settlements		272	1 579
Prepayments and accrued income		6 990	2 376
Accrued income from the development contract concluded by MLP Bieruń Sp. z o.o.		10	22 304
Advance payment for purchase of land		-	2 040
Taxes and social security receivable		23 093	14 952
Trade and other receivables		46 688	57 754
Income tax receivable		168	516
Short-term receivables		46 856	58 270

For information on receivables from related entities, see Note 23.

The ageing structure of trade receivables and impairment losses are presented in the table below.

	<i>as at</i>	30 June 2019*		31 December 2018	
		Gross receivables	Impairment loss	Gross receivables	Impairment loss
Not past due		5 051	-	4 936	-
Past due:					
1 to 90 days		6 407	-	6 776	(1)
91 to 180 days		1 433	-	2 589	-
over 180 days		8 946	(5 514)	5 728	(5 525)
Total receivables		21 837	(5 514)	20 029	(5 526)

* Unaudited.

14. Cash and cash equivalents

	<i>as at</i>	30 June 2019	31 December 2018
		<i>(unaudited)</i>	
Cash in hand		71	61
Cash at banks		120 161	41 654
Short-term deposits		2 305	4 391
Cash and cash equivalents in the consolidated statement of financial position		122 537	46 106
Cash and cash equivalents in the consolidated statement of cash flows		122 537	46 106

Cash at banks bears interest at variable rates linked to the overnight interest rate. Short-term deposits are placed for various terms, depending on the Group's current cash requirements, and bear interest at individually agreed interest rates.

Cash and cash equivalents in the consolidated statement of financial position include cash in hand and bank deposits with original maturities of up to three months.

15. Notes to the consolidated statement of cash flows

15. 1 Cash flows from borrowings

	<i>for 6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Proceeds from bank borrowings		439 211	94 418
Cash flows from borrowings		439 211	94 418
Cash flows from borrowings – amount disclosed in the consolidated statement of cash flows		439 211	94 418

	<i>for 6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Repayment of bank borrowings		(290 778)	(10 330)
Repayment of non-bank borrowings		-	(388)
Cash flows from repayment of borrowings		(290 778)	(10 718)
Cash flows from repayment of borrowings – amount disclosed in the consolidated statement of cash flows		(290 778)	(10 718)

15. 2 Change in receivables

	<i>for 6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Change in inventories		119	207
Change in trade and other receivables		11 066	(19 704)
Other adjustments		-	680
Change in receivables		11 185	(18 817)
Change in receivables disclosed in the consolidated statement of cash flows		11 185	(18 817)

15. 3 Change in current and other liabilities

	<i>for 6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Change in trade and other payables		24 277	37 508
Change in employee benefit obligations		-	(618)
Change in current liabilities under performance bonds and security deposits		(663)	721
Change in finance lease liabilities		10 463	-
Elimination of changes in investment commitments		(19 602)	(25 540)
Change in current and other liabilities		14 475	12 071
Change in current and other liabilities disclosed in the consolidated statement of cash flows		14 475	12 071

16. Equity

16. 1 Share capital

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Share capital			
Series A ordinary shares		11 440 000	11 440 000
Series B ordinary shares		3 654 379	3 654 379
Series C ordinary shares		3 018 876	3 018 876
		18 113 255	18 113 255
Par value per share		0,25	0,25

As at 30 June 2019, the Parent's share capital amounted to PLN 4,528,313.75 and was divided into 18,113.255 shares conferring rights to 18,113,225 votes at the General Meeting. All shares have a par value of PLN 0.25 and have been fully paid up.

17. Earnings and dividend per share

Earnings per share for each reporting period are calculated as the quotient of net profit for the period attributable to owners of the Parent and weighted average number of shares outstanding in the reporting period.

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Net profit/(loss) for period		69 164	31 482
Number of outstanding shares (units)		18 113 255	18 113 255
Weighted average number of outstanding shares		18 113 255	18 113 255
Earnings per share attributable to owners of the Parent during the reporting period (PLN per share):			
- basic		3,82	1,74
- diluted		3,82	1,74

There were no dilutive factors in the presented periods.

18. Liabilities under borrowings and other debt instruments, and other liabilities

18. 1 Non-current liabilities

<i>as at</i>	30 June 2019	31 December 2018
	<i>(unaudited)</i>	
Borrowings secured over the Group's assets	582 717	433 592
Bonds	127 560	129 000
Non-bank borrowings	50 445	50 075
Non-current liabilities under borrowings and other debt instruments	760 722	612 667

<i>as at</i>	30 June 2019	31 December 2018 *
	<i>(unaudited)</i>	
Finance lease liabilities (perpetual usufruct of land) ¹⁾	21 142	10 679
Liabilities from measurement of swap transactions	9 764	5 215
Performance bonds	9 074	10 379
Security deposits from tenants and other deposits	4 617	3 975
Other non-current liabilities	44 597	30 248

¹⁾ The Group is a party to court proceedings relating to revision of the perpetual usufruct charge rate. As at the date of issue of this report, the Management Board of MLP Group S.A. was not able to estimate the amount of the charge. The amount determined by the court may affect the value of investment property and finance lease liabilities.

* Restated.

18. 2 Current liabilities

<i>as at</i>	30 June 2019 (unaudited)	31 December 2018
Short-term bank borrowings and short-term portion of bank borrowings secured over the Group's assets	21 248	30 482
Bonds	520	514
Current liabilities under borrowings and other debt instruments	21 768	30 996

Liabilities under borrowings secured over the Group's assets and under borrowings not secured over the Group's assets comprise liabilities to related and unrelated parties.

<i>as at</i>	30 June 2019 (unaudited)	31 December 2018
Liabilities from measurement of swap transactions	140	-
Other current liabilities	140	-

18. 3 Change in financial liabilities attributable to financing and other activities

	Bonds
Amount as at 31 December 2018	129 514
Interest accrued on bonds	
Interest paid on bonds	(1 849)
Change in carrying amount	(1 441)
Amount as at 30 June 2019	128 080

Liabilities under non-bank borrowings

Amount as at 31 December 2018	50 075
Interest accrued	529
Realised foreign exchange gains/(losses)	(1)
Change in carrying amount	(158)
Amount as at 30 June 2019	50 445

Liabilities under bank borrowings

Amount as at 31 December 2018	464 074
<i>including derecognised commission fee as at 31 December 2018</i>	726
Interest accrued	5 005
Interest paid	(5 140)
IRS interest accrued	6 719
IRS interest paid	(6 749)
Increase in bank borrowings	439 211
repayment of principal	(290 778)
Realised foreign exchange gains/(losses)	398
Unrealised foreign exchange gains/(losses)	(7 055)
Interest capitalised	213
Amount as at 30 June 2019	603 965
<i>including derecognised commission fee as at 30 June 2019</i>	2 659

18. 4 Liabilities under bonds

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	Listing venue
Private bonds – Series A	EUR	20 000 000	2022-05-11	6M EURIBOR + margin	none	Catalyst
Private bonds – Series B	EUR	10 000 000	2023-05-11	6M EURIBOR + margin	none	Catalyst

18. 5 Borrowings secured and not secured over the Group's assets

	effective interest rate	as at		30 June 2019*		as at		31 December 2018	
		currency	(%)	matures in foreign currency	in PLN	matures in foreign currency	in PLN		
Bank borrowings secured over the Group's assets									
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2026	3 308	14 066	-	-	-	-
Working capital (VAT) facility PKO BP S.A.	PLN	1M WIBOR +margin	2020	-	-	-	-	-	-
Investment credit facility mBank S.A.	EUR	1M EURIBOR + margin	-	-	-	2021	12 445	53 439	-
Investment credit facility ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch	PLN	3M EURIBOR + margin	2025	93 460	394 741	-	-	-	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2025	6 268	26 652	2025	6 468	27 813	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2028	3 454	14 686	2028	3 540	15 218	-
Construction credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	4 430	18 837	2029	2 939	12 638	-
Working capital (VAT) facility PKO BP S.A.	PLN	1M WIBOR +margin	-	-	-	2019	-	1 956	-
Investment credit facility Raiffeisen Bank Polska S.A.	EUR	3M EURIBOR + margin	2023	-	-	2023	34 252	146 891	-
Investment credit facility BGŻ BNP Paribas S.A.	EUR	3M EURIBOR + margin	2024	-	-	2022	7 112	30 335	-
Investment credit facility BGŻ BNP Paribas S.A.	EUR	3M EURIBOR + margin	2024	-	-	2024	6 730	28 941	-
Investment credit facility BGŻ BNP Paribas S.A.	EUR	3M EURIBOR + margin	2024	-	-	2024	4 971	21 377	-
Working capital (VAT) facility BGŻ BNP Paribas S.A.	PLN	1M EURIBOR + margin	-	-	-	2019	-	985	-
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2030	10 109	42 982	2030	7 252	31 184	-
Working capital (VAT) facility PKO BP S.A.	PLN	1M WIBOR +margin	-	-	1 755	2018	-	-	-
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	1 837	7 804	2024	1 925	8 264	-
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	4 420	18 794	2024	4 565	19 632	-
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	5 448	23 164	2024	5 561	23 912	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2030	8 102	34 452	2030	8 300	35 689	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	1 419	6 032	2030	1 349	5 800	-
Total bank borrowings:					603 965			464 074	

* Unaudited.

	currency	effective interest rate (%)	as at 30 June 2019*		as at 31 December 2018	
			matures in foreign currency	in PLN	matures in foreign currency	in PLN
Non-bank borrowings not secured over the Group's assets:						
Fenix Polska S.A.	PLN	3M WIBOR + margin	2021	-	2 940	2021 - 2 905
Fenix Polska S.A.	PLN	3M WIBOR + margin	2020	-	8 209	2020 - 8 116
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	12	2025 - 12
Fenix Polska S.A.	PLN	3M WIBOR + margin	2029	-	253	2029 - 253
Fenix Polska S.A.	PLN	3M WIBOR + margin	2027	-	1 632	2027 - 1 632
Fenix Polska S.A.	PLN	3M WIBOR + margin	2021	-	150	2021 - 148
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	465	2030 - 465
Fenix Polska S.A.	PLN	3M WIBOR + margin	2020	-	22 265	2020 - 21 951
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2025 - 115
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	415	2025 - 300
Fenix Polska S.A.	PLN	3M WIBOR + margin	2028	-	7	2028 - 7
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2029	1 954	8 310	2029 1 943 8 354
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2020	1 361	5 787	2020 1 353 5 817
Total non-bank borrowings:					50 445	50 075
Total borrowings secured and not secured over the Group's assets					654 410	514 149

* Unaudited.

19. Employee benefit obligations

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Special accounts	157	157
Provision for bonuses	761	761
Employee benefit obligations	918	918

20. Trade and other payables

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Trade payables	12 635	12 531
Liabilities for execution of development contract	-	30
Deferred income	537	415
Taxes and social security receivable	2 441	2 833
Unbilled trade payables	884	4 123
Investment commitments, security deposits and other obligations	58 555	30 843
Trade and other payables	75 052	50 775
Income tax payable	923	2 959
Current liabilities	75 975	53 734

For information on liabilities to related entities, see Note 23.

The table below presents the ageing structure of trade and other payables.

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Not past due	55 115	56 097
Past due from 1 to 90 days	28 453	3 120
Past due from 91 to 180 days	375	213
Pas due over 180 days	1 822	2 451
Total trade and other payables	85 765	61 881

The ageing structure presented above includes non-current liabilities.

Trade payables are non-interest bearing and are typically settled within 30 to 60 days. Other payables are non-interest bearing, with average payment period of one month. Amounts resulting from the difference between input and output value added tax are paid to the relevant tax authorities in the periods prescribed by the relevant tax laws. Interest payable is generally settled on the basis of accepted interest notes.

21. Financial instruments

21. 1 Measurement of financial instruments

The fair values of financial assets and financial liabilities as at 30 June 2019 and 31 December 2018 were equal to their respective amounts disclosed in the consolidated statement of financial position.

The following assumptions were made for the purpose of fair value measurement:

- **cash and cash equivalents:** the carrying amounts of those financial instruments correspond to fair value due to their short maturities,
- **trade receivables, other receivables, trade payables, and accrued expenses:** the carrying amounts approximate fair value due to the short-term nature of those instruments,
- **loans advanced:** the carrying amounts correspond to fair value because the variable interest rates of those instruments are close to market interest rates,
- **borrowings and bonds:** the carrying amounts of those instruments approximate fair value because their variable interest rates are based on market rates,
- **liabilities from measurement of swap transactions:** the fair value is determined by reference to instruments traded on an active market.

21. 1. 1 Financial assets

<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Financial assets measured at amortised cost:		
Cash and cash equivalents	122 537	46 106
Loans and receivables, including:		
• Trade and other receivables	16 605	38 386
• Loans	72 441	72 084
• Other long-term investments	26 767	22 295
• Other short-term investments	3 916	10 551
	242 266	189 422
Total financial assets	242 266	189 422

Measurement of assets at amortised cost as at 30 June 2019:			
	Stage 1	Stage 2	Stage 3
Gross carrying amount	244 533	3 247	-
Cash and cash equivalents	122 537	-	-
Loans and receivables, including:			
• Trade and other receivables	18 872	3 247	-
• Loans	72 441	-	-
• Other long-term investments	26 767	-	-
• Other short-term investments	3 916	-	-
Impairment losses (IFRS 9)	(5 514)	-	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	(5 514)	-	-
• Loans	-	-	-
• Other long-term investments	-	-	-
• Other short-term investments	-	-	-
Carrying amount (IFRS 9)	239 019	3 247	-

21. 1.2 Financial liabilities

	30 June	31 December
<i>as at</i>	2019	2018 *
	<i>(unaudited)</i>	
Hedging financial instruments:		
Liabilities from measurement of swap transactions	9 904	5 215
	9 904	5 215
Financial liabilities measured at amortised cost:		
Bank borrowings	603 965	464 074
Non-bank borrowings	50 445	50 075
Trade and other payables	85 765	61 881
Lease liabilities	21 142	10 679
Bonds	128 080	129 514
	889 397	716 223
Total financial liabilities	899 301	721 438

* Restated.

The fair value of hedging financial instruments as at 30 June 2019 of PLN 9,904 thousand was determined based on other directly or indirectly observable trading prices (Level 2). Such information is provided by banks and is obtained by reference to instruments traded on an active market.

In the reporting period ended 30 June 2019, there were no reclassifications between the fair value hierarchy levels.

21. 2 Other disclosures relating to financial instruments

Hedging

Informacja dotycząca zabezpieczeń została ujawniona w nocie 22.

Hedge accounting

On 25 January 2019, MLP Gliwice Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 29 March 2019, MLP Czeladź Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Powszechna Kasa Oszczędności Bank Polski S.A.

On 3 June 2019, each of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with each of the following banks: ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch. Previous variable-to-fixed interest rate swap contracts concluded by the companies with BGŻ BNP Paribas S.A. and mBank S.A. were terminated following repayment of the credit facilities contracted with those banks.

With these contractual arrangements in place, future interest payments on variable-rate credit facilities will be effectively exchanged for interest payments calculated according to schedules defined in the swap contracts.

22. Contingent liabilities and security instruments provided by the Group

In the period ended 30 June 2019, the Group recognised the following changes in contingent liabilities and security instruments:

- In March 2019, a contractual mortgage for up to EUR 34,121 thousand was entered in the Land and Mortgage Register for MLP Czeladź Sp. z o.o. in favour of PKO BP S.A. to secure the credit facility provided to the company under an agreement of 14 December 2018.
- In March 2019, a contractual mortgage for up to EUR 15,450 thousand was entered in the Land and Mortgage Register for MLP Czeladź Sp. z o.o. in favour of PKO BP S.A. to secure the credit facility provided to the company under an agreement of 28 November 2018.
- On 1 January 2019, the amount of mortgage entered in the Land and Mortgage Register for MLP Poznań Sp. z o.o. was increased from EUR 1,353 thousand to EUR 1,788 thousand.
- In March 2019, a contractual mortgage for up to EUR 25,910 thousand was entered in the Land and Mortgage Register for MLP Poznań II Sp. z o.o. in favour of ING Bank Śląski S.A. to secure the credit facility provided to the company under an agreement of 9 February 2017.
- In January 2019, a contractual mortgage for up to EUR 1,500 thousand was entered in the Land and Mortgage Register for MLP Poznań II Sp. z o.o. in favour of ING Bank Śląski S.A. to secure the credit facility provided to the company under an agreement of 9 February 2017.
- In February 2019, a contractual mortgage for up to PLN 6,000 thousand was entered in the Land and Mortgage Register for MLP Poznań II Sp. z o.o. in favour of ING Bank Śląski S.A. to secure the credit facility provided to the company under an agreement of 9 February 2017.
- In connection with the credit facility agreement signed on 9 May 2019 by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. with ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch, in May 2019 financial pledges were created, and registered pledges were created and entered in the pledge register, over bank accounts of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, and pledges were created over a set of movables and rights representing an organised whole of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, for up to the maximum security amount of EUR 140,895 thousand.
- As a result of repayment of the credit facility provided to MLP Pruszków I Sp. z o.o. by BGŻ BNP Paribas S.A. (formerly Raiffeisen Bank Polska S.A.), the following pledges were deleted from the register: the registered pledge created over MLP Pruszków I Sp. z o.o. shares held by MLP Group S.A. for up to a total security amount of EUR 80,000 thousand, and the registered and financial pledges created over the same shares for up to a total security amount of EUR 54,750 thousand.
- As a result of repayment of the credit facility provided by BGŻ BNP Paribas S.A. to MLP Pruszków III Sp. z o.o., the following pledges were deleted from the register: the registered and financial pledges created over MLP Pruszków III Sp. z o.o. shares held by MLP Group S.A., MLP Property Sp. z o.o. and MLP Pruszków II Sp. z o.o. for up to a total security amount of EUR 34,370 thousand and PLN 4,500 thousand.
- As a result of repayment of the credit facility provided by mBank S.A. to MLP Pruszków IV Sp. z o.o., the following pledges were deleted from the register: the registered and financial pledges created over MLP Pruszków IV Sp. z o.o. shares held by MLP Property Sp. z o.o. and MLP Pruszków II Sp. z o.o. for up to a total security amount of EUR 10,579 thousand, EUR 21,579 thousand and PLN 3,750 thousand.

- On 10 May 2019 and 8 June 2019, applications were submitted for the entry of the following mortgages into the Land and Mortgage Register for MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. (the applications have not yet been processed by the court): a senior joint mortgage for up to EUR 140,895,000 in favour of the Mortgage Administrator, i.e. ING Bank Śląski S.A., and subordinated *pari passu* ranking mortgages in favour of ING Bank Śląski S.A. – for up to EUR 3,385,800, Powszechna Kasa Oszczędności Bank Polski S.A. – for up to EUR 2,817,900, and Industrial and Commercial Bank of China LTD Luxembourg Branch – for up to EUR 2,250,000.
- On 8 June 2019, applications were filed for the deletion of the following mortgages (by this report issue date, the applications have not yet been processed by the court): for MLP Pruszków I Sp. z o.o. – mortgages for up to EUR 54,750 thousand and EUR 14,426 thousand in favour of Raiffeisen Bank S.A.; for MLP Pruszków III Sp. z o.o. – mortgages for up to EUR 32,179 thousand, PLN 3,930 thousand and PLN 4,500 thousand in favour of BGŻ BNP Paribas S.A.; and for MLP Pruszków IV Sp. z o.o. – mortgages for up to EUR 18,107 thousand, EUR 3,473 thousand and PLN 7,600 thousand in favour of mBank S.A.

Other security provided in favour of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Polish Branch under the credit facility agreement of 9 May 2019:

- power of attorney over all accounts of each of the borrowers and power to issue instructions to block the accounts;
- declaration on voluntary submission to enforcement by each borrower;
- loan subordination agreement;
- assignment of rights under insurance policies,
- assignment of rights under assignment agreement;
- assignment of rights under each borrower's lease contracts,
- assignment of rights under guarantees provided by each borrower's tenants,
- assignment of rights under subordinated loans,
- assignment of rights under each borrower's future debt claims.

The other contingent liabilities and security instruments disclosed in the consolidated financial statements for 2018 did not change in the six months ended 30 June 2019 and remain effective as at the end of the reporting period

23. Related-party transactions

23. 1 Trade and other receivables and payables

Below are presented the balances of trade and other receivables and payables from related-party transactions as at 30 June 2019.

<i>* Unaudited.</i>	Trade and other receivables	Trade and other payables ¹⁾
Parent		
The Israel Land Development Company Ltd., Tel-Awiw	106	-
	106	-
Other related parties		
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	4	-
Fenix Polska Sp. z o.o.	4	-
	8	-
Total	114	-

¹⁾ Trade and other payables do not include the remuneration of key management personnel and share-based payments disclosed in Note 25.

23. 2 Loans advanced and non-bank borrowings

Below are presented the balances of loans advanced to/received from related parties as at 30 June 2019.

<i>* Unaudited.</i>	Loans advanced	Non-bank borrowings
Other related parties		
Fenix Polska Sp. z o.o.	50 268	(50 445)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	34	-
Total	50 302	(50 445)

23. 3 Income and expenses

Below are presented income and expenses under related-party transactions for the six months ended 30 June 2019*.

<i>* Unaudited.</i>	Revenue	Procurement of services and cost of wages and salaries	Interest income	Interest expense
Parent				
The Israel Land Development Company Ltd., Tel-Awiw	123	-	-	-
	123	-	-	-
Other related parties				
Fenix Polska Sp. z o.o.	-	-	517	(529)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	1	-	-	-
	1	-	517	(529)
Key management personnel				
RTK CONSULTING, Radosław T. Krochta	-	(258)	-	-
ROMI CONSULTING, Michael Shapiro	-	(221)	-	-
PROFART, Tomasz Zabost	-	(199)	-	-
PEOB, Marcin Dobieszewski	-	(123)	-	-
Other key management personnel	-	(401)	-	-
	-	(1 202)	-	-
Total	124	(1 202)	517	(529)

Fenix Polska Sp. z o.o is related with the Group through Cajamarca Holland B.V., which held 100% of shares in Fenix Polska Sp. z o.o. and 56.98% of shares in the Group's share capital as at 30 June 2019.

24. Significant events during and subsequent to the reporting period

- On 14 December 2018, MLP Czeladź Sp. z o.o. executed a credit facility agreement with PKO BP S.A. The facility was disbursed in February 2019.
- For reasons beyond the control of MLP Teresin Sp. z o.o., there was a temporary breach of covenants to maintain certain financial ratios tested by the lending bank (Pekao S.A.). The company obtained the bank's waiver of the covenants. The waiver was obtained in Q2 2019, and therefore as at 31 March 2019 the outstanding facility amount was disclosed as a current liability; as at 30 June 2019 it was presented consistently with the facility repayment schedule.
- On 9 May 2019, the following three Group companies: MLP Pruszków I Sp. z o.o. of Pruszków, MLP Pruszków III Sp. z o.o. of Pruszków and MLP Pruszków IV Sp. z o.o. of Pruszków (the "Borrowers"), executed a credit facility agreement with ING Bank Śląski S.A. of Katowice, Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw and Industrial and Commercial Bank of China (Europe) S.A. Polish Branch of Warsaw (the "Banks"). The facility amount is EUR 93,930,000.00, and the funds will be used to refinance the Borrowers' existing loans and to fund the Group's investment projects. The agreement provides that the principal will be repaid in equal instalments. The term of the agreement is six years from the signing date.
- On 25 July 2019, MLP Business Park Berlin I Sp. z o.o. & Co KG of Munich, Germany, executed in Germany a conditional agreement, in the form of a notarial deed, for purchase of the ownership title to undeveloped land with an area of 49,661m² in Ludwigsfelde (a town adjacent to Berlin, situated close to the Berlin-Schönefeld Airport) for EUR 3,401,778.50 plus VAT at the applicable rate (19%).
- The property has been designated as the site for the development of MLP Business Park Berlin I, a project consisting of small warehouse and logistics units with accompanying office space, intended for lease. The final transfer of the ownership title to the property to the Buyer is subject to the following conditions precedent: the municipality of Ludwigsfelde's waiver of its statutory right of pre-emption and the Buyer's securing a permit to remove vegetation covering the property. If the conditions precedent are not satisfied by 30 April 2020, each party may withdraw from the agreement.

In the period from the end of the reporting period to the date of authorisation of these condensed consolidated financial statements for issue, no events occurred which should have been but were not included in the accounting books of the reporting period and the condensed consolidated financial statements of the Group.

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

	<i>for 6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration of the Management Board:			
• Remuneration and other benefits:			
Radosław T. Krochta		258	347
Michael Shapiro		221	229
Tomasz Zabost		199	235
Marcin Dobieszewski		123	108
		801	919
Cash-settled share based payments and other compensation paid or due in the period		-	811
		801	1 730
Remuneration of the Supervisory Board:			
• Remuneration and other benefits			
Maciej Matusiak		15	13
Jacek Tucharz		-	13
Eytan Levy		15	13
Shimshon Marfogel		15	13
Daniel Nimrodi		15	13
Guy Shapira		15	13
Piotr Chajderowski		15	13
		90	91
Total remuneration paid or due to Management Board and Supervisory Board members		891	1 821
		891	1 821
Other key management personnel:			
• Remuneration and other benefits			
		401	464
• Cash-settled share based payments made or due in the period			
		-	521
		401	985
Total remuneration paid or due to Management Board members, Supervisory Board members and key management personnel		1 292	2 806
		1 292	2 806

The note presents remuneration of members of the management and supervisory bodies for discharging the responsibilities of Management or Supervisory Board members, as well as the costs of services provided to other companies in the Group, and other management personnel.

Apart from the transactions described in the note above, members of the Management Board and the Supervisory Board and other management personnel did not receive any other benefits from any of the Group companies.

26. Workforce structure

	<i>for 6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Average headcount in the period		22	22

27. Change resulting from the entry into force of IFRS 15 *Revenue from Contracts with Customers*

Recharge of utility costs

The Group reviewed the presentation of revenues from recharge of utility costs pursuant to IFRS 15 *Revenue from Contracts with Customers*, which entered into force on 1 January 2018. In the condensed consolidated financial statements of the MLP Group S.A. Group for the period ended 30 June 2018 the revenue was reduced by the amount of utility costs recharged directly to tenants. In compliance with IFRS 15, the data for the period ended 30 June 2019 was presented as separate items.

As a result of the reclassifications, the following changes were made in the comparative period:

	Data according to condensed financial statements for the period ended 30 June 2018	Restatement	Restated data for the period ended 30 June 2018
Revenue	62 565	2 217	64 782
Note no. 6 Revenue			
Rental income	45 079	-	45 079
Other revenue	11 214	2 217	13 431
Revenue from development contract concluded by MLP Bieruń Sp. z o.o.	6 272	-	6 272
Total revenue	62 565	2 217	64 782
Recharge of utility costs	10 315	2 217	12 532
Rental income from apartments	17	-	17
Services provided to tenants	196	-	196
Other revenue	686	-	686
Other revenue	11 214	2 217	13 431
Distribution costs and administrative expenses	(31 361)	(2 217)	(33 578)
Note no. 9 Distribution costs and administrative expenses			
Depreciation and amortisation	(101)	-	(101)
Raw materials and consumables used	(8 835)	(2 122)	(10 957)
Services	(12 258)	(95)	(12 353)
Taxes and charges	(7 171)	-	(7 171)
Wages and salaries	(1 021)	-	(1 021)
Social security and other employee benefits	(206)	-	(206)
Other expenses by nature	(1 766)	-	(1 766)
Merchandise and materials sold	(3)	-	(3)
Distribution costs and administrative expenses	(31 361)	(2 217)	(33 578)

28. Change resulting from the entry into force of IFRS 16 Leases

Perpetual usufruct of land

The Group reviewed the amount of liabilities under perpetual usufruct of land in accordance with IFRS 16 Leases effective as of 1 January 2019. The effect of the revision made to comply with the new regulations on the amounts of investment property and financial liabilities for perpetual usufruct of land in the comparative period as at 31 December 2018 is presented below.

	Data presented in the approved financial statements as at 31 December 2018	Restatement	Restated data as at 31 December 2018
MLP Pruszków I park			
Perpetual usufruct - MLP Pruszków I	2 639	6 338	8 977
MLP Pruszków II park			
Perpetual usufruct - MLP Pruszków II	2 616	(915)	1 701
Investment property	5 255	5 423	10 678
Finance lease liabilities	5 256	5 423	10 679
Other non-current liabilities	5 256	5 423	10 679

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice President of the Management

Tomasz Zabost
Member of the Management Board

Maria Ratajczyk
*Signature of the person preparing
the financial statements*

Pruszków, 23 August 2019



MLP Group S.A.

**Interim condensed separate
financial statements**

for the six months ended 30 June 2019
prepared in accordance with EU IFRS

Authorisation of the interim condensed separate financial statements

On 23 August 2019, the Management Board of MLP Group S.A. authorised for issue these interim condensed separate financial statements (the “condensed financial statements”) of MLP Group S.A. for the period from 1 January 2019 to 30 June 2019.

These interim condensed separate financial statements for the period from 1 January 2019 to 30 June 2019 have been prepared in accordance with the requirements of IAS 34 *Interim Financial Reporting* as endorsed by the European Union. In this report, information is presented in the following sequence:

1. Condensed separate statement of profit or loss and other comprehensive income for the period from 1 January 2019 to 30 June 2019, showing a net loss of PLN 283 thousand;
2. Condensed separate statement of financial position as at 30 June 2019, showing total assets and total equity and liabilities of PLN 445,323 thousand;
3. Condensed separate statement of cash flows for the period from 1 January 2019 to 30 June 2019, showing a net increase in cash of PLN 54,564 thousand;
4. Condensed separate statement of changes in equity for the period from 1 January 2019 to 30 June 2019, showing a decrease in equity of PLN 283 thousand;
5. Notes to the separate financial statements

These interim condensed separate financial statements have been prepared in thousands of złoty, unless stated otherwise.

Signed with a qualified electronic signature.

Radosław T. Krochta
President of the Management

Michael Shapiro
*Vice President of the
Management Board*

Tomasz Zabost
*Member of the Management
Board*

Pruszków, 23 August 2019

Condensed separate statement of profit or loss and other comprehensive income

	6 months ended 30 June	Note	2019 (unaudited)	2018 (unaudited)
Revenue		4	4 426	4 496
Other income		5	5	418
Other expenses		6	(1)	(18)
Distribution costs and administrative expenses		7	(4 747)	(3 416)
Operating profit/ (loss)			(317)	1 480
Finance income		8	3 231	6 810
Finance costs		8	(3 296)	(2 982)
Net finance income			(65)	3 828
Profit before tax			(382)	5 308
Income tax		9	99	(3 425)
Net profit			(283)	1 883
Total comprehensive income for the year			(283)	1 883
Net profit attributable to:		18		
Owners of the Parent			(283)	1 883
Net profit for the year			(283)	1 883
Comprehensive income attributable to:				
Owners of the Parent			(283)	1 883
Total comprehensive income for the year			(283)	1 883
Earnings per share:				
- Basic and diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent		18	(0,02)	0,10

Condensed separate statement of financial position

	as at	Note	30 June 2019 (unaudited)	31 December 2018
Non-current assets				
Intangible assets			339	678
Property, plant and equipment			62	92
Non-current financial assets in related entities		10	123 361	123 361
Long-term investments		11	253 533	246 894
Deferred tax assets		14	2 774	2 675
Other long-term investments			520	653
Total non-current assets			380 589	374 353
Current assets				
Short-term investments		12	434	3 553
Trade and other receivables		15	2 336	2 490
Cash and cash equivalents		16	61 964	7 400
Total current assets			64 734	13 443
TOTAL ASSETS			445 323	387 796
Equity				
		17		
Share capital			4 529	4 529
Capital reserve			4 194	4 194
Share premium			71 121	71 121
Statutory reserve funds			65 097	64 485
Retained earnings			3 750	4 645
Total equity			148 691	148 974
Non-current liabilities				
Borrowings and other debt instruments		19	285 654	226 724
Total non-current liabilities			285 654	226 724
Current liabilities				
Borrowings and other debt instruments		19	9 532	9 573
Employee benefit obligations		20	918	918
Trade and other payables		21	528	1 607
Total current liabilities			10 978	12 098
Total liabilities			296 632	238 822
TOTAL EQUITY AND LIABILITIES			445 323	387 796

Condensed separate statement of cash flows

	6 months ended 30 June	Note	2019 (unaudited)	2018 (unaudited)
Cash flows from operating activities				
Profit before tax			(382)	5 308
<i>Total adjustments:</i>				
Depreciation and amortisation			370	37
Net interest			390	377
Exchange differences			(295)	1 214
Other			133	(179)
Change in receivables			154	(5 063)
Change in current and other liabilities			(1 079)	(398)
Cash from operating activities			(709)	1 296
Income tax (paid)/refunded			-	-
Net cash from operating activities			(709)	1 296
Cash flows from investing activities				
Repayment of loans			51 050	25 374
Interest received			(721)	-
Acquisition of shares		10	-	(75)
Purchase of investment property, property, plant and equipment and intangible assets			(1)	-
Loans advanced			(52 697)	(88 679)
Cash from investing activities			(2 369)	(63 380)
Cash flows from financing activities				
Proceeds from non-bank borrowings			60 918	38 169
Issue of bonds			-	42 473
Dividends received			-	2 749
Interest paid on bonds			(1 849)	(1 295)
Acquisition of shares			-	(5)
Cash from financing activities			58 243	82 091
Total cash flows			55 165	20 007
Cash and cash equivalents at beginning of period				
			7 400	15 500
Effect of exchange differences on cash and cash equivalents			(601)	960
Cash at end of period		16	61 964	36 467

Condensed separate statement of changes in equity

	Share capital	Capital reserve	Share premium	Statutory reserve funds	Retained earnings	Total equity
Equity as at 1 January 2018	4 529	4 194	71 121	64 485	7 293	151 622
<u>Comprehensive income:</u>						
Net profit/(loss)	-	-	-	-	1 883	1 883
Comprehensive income for the six months ended 30 June 2018*	-	-	-	-	1 883	1 883
Equity as at 30 June 2018*	4 529	4 194	71 121	64 485	9 176	153 505
Equity as at 1 January 2019	4 529	4 194	71 121	64 485	4 645	148 974
<u>Comprehensive income:</u>						
Net profit/(loss)*	-	-	-	-	(283)	(283)
Comprehensive income for the six months ended 30 June 2019*	-	-	-	-	(283)	(283)
Allocation of net profit for 2018	-	-	-	612	(612)	-
Equity as at 30 June 2019 *	4 529	4 194	71 121	65 097	3 750	148 691

* Unaudited.

Notes to the separate financial statements

1. General information

1. 1 MLP Group S.A.

MLP Group S.A. (the "Company" or the "Issuer") is a listed joint-stock company registered in Poland. The Company's registered office is located at ul. 3-go Maja 8 in Pruszków, Poland.

The Company was established as a result of transformation of the state-owned enterprise Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy into a state-owned joint-stock company. The deed of transformation was drawn up before a notary public on 18 February 1995. Pursuant to a resolution of the Company's General Meeting of 27 June 2007, the Company trades as MLP Group S.A.

At present, the Company is registered with the National Court Register maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division, under No. KRS 0000053299.

The Company's principal business activities comprise development, purchase and sale of own real estate, lease of own real estate, management of residential and non-residential real estate, general activities involving construction of buildings, and construction. According to the Polish Classification of Business Activity, the predominant type of the Company's activities is designated as PKD 7032Z, that is: management of real estate on a fee or contract basis.

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

The Company was established for an indefinite period.

1. 2 MLP Group S.A. Group

The higher level parent of the Company is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: 2 Martinus Nijhofflaan, 2624 ES Delft.

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

At the end of the reporting period, MLP Group S.A. was the parent of 32 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., MLP Teresin II Sp. z o.o., MLP Bucharest West SRL, MLP Pruszków V Sp. z o.o., and MLP Germany Management GmbH.

For more detailed information on the subordinated entities, see Note 10.

1. 3 Management Board

As at the date of these separate financial statements, the composition of the Company's Management Board was 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 **Supervisory Board:**

As at the date of these interim condensed separate financial statements, the composition of the Company's Supervisory Board was as follows:

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

2. **Basis of preparation of the separate financial statements**

2. 1 **Statement of compliance**

MLP Group S.A. prepared interim these condensed separate financial statements in accordance with IAS Interim 34 Financial Reporting, as endorsed by the European Union. The Company applied all standards and interpretations which are applicable in the European Union except for those which are awaiting approval by the European Union and those standards and interpretations which have been approved by the European Union but are not yet effective.

2. 2 **Status of standards approval in the European Union**

The impact of the amended and new standards on the Company's future separate financial statements is discussed in Note 2.2 to the consolidated financial statements for 2018.

These interim separate financial statements have been prepared in accordance with the accounting policies described in the separate financial statements for 2018, except for IFRS 16 *Leases*, which has been effective from 1 January 2019.

The following new standard was applied for the first time in the Company's separate financial statements for 2019:

IFRS 16 *Leases*

The Company adopted the new IFRS 16 *Leases* as of 1 January 2019. The comparative data for the financial year 2018 was restated.

Recognition of lease liabilities

The Company does not recognise lease liabilities arising under leases previously classified as operating leases in accordance with IAS 17 *Leases*. The estimated present value of lease payments outstanding on the date of initial application of IFRS 16 was low (PLN 330 thousand) and was related to the lease of company cars.

Recognition of right-of-use assets

Right-of-use assets are measured at cost.

As at 1 January 2019, the Company chose to recognise the assets at discounted amounts of liabilities. Right-of-use assets are presented in the statement of financial position in the same line item where underlying assets owned by the Company would be presented. Depreciation of right-of-use assets was recognised in the statement of profit or loss in the same line items as other expenses of this type.

Application of estimates and judgements

The implementation of IFRS 16 requires making certain estimates, judgements and calculations that influence the measurement of finance lease liabilities and right-of-use assets. These include:

- assessment whether a lease payment is a fixed, in-substance fixed or variable payment;
- assessment whether a contract contains a lease under IFRS 16;
- determining the lease term (including for contracts with an indefinite term or an extension option);
- determining the interest rate to be used to discount future cash flows;
- determining the depreciation rate.

Use of practical expedients

On initial application of IFRS 16, the Company applied the following practical expedients available under the standard:

- application of a single discount rate (4.2%) to a portfolio of leases that have similar characteristics.

Effect on the statement of financial position as at 31 December 2018

The Company does not incur any costs related to the right of use. The application of the new standard had no effect on these condensed separate financial statements.

Effect on equity

The application of IFRS 16 had no effect on retained earnings or equity as at 31 December 2018.

Effect on financial ratios

The application of IFRS 16 did not affect the carrying amounts.

Presented below is an additional disclosure of detailed accounting policies related to IFRS 9 *Financial Instruments coming into force*.

IFRS 9 Financial Instruments

Under IFRS 9, the Company is required to recognise a loss allowance for lifetime expected credit losses, and if at the reporting date the credit risk on a financial instrument has not increased significantly, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company applies a three-stage impairment model with respect to financial assets other than trade receivables:

- Stage 1 – financial instruments on which the credit risk has not increased significantly since initial recognition. Expected credit losses are determined based on the probability of default occurring within the next 12 months (i.e. total expected credit losses are multiplied by the probability of default occurring in the next 12 months);
- Stage 2 – financial instruments that have had a significant increase in credit risk since initial recognition, but have no objective evidence of impairment; expected credit losses are calculated based on the probability of default over the life of an asset;
- Stage 3 – financial instruments for which there is objective evidence of impairment.

To the extent that the Company is required under the above model to make an assessment as to whether there has been a significant increase in credit risk, such assessment is made taking into account the following factors:

- a loan is past due 30 days or more;
- there have been legislative, technological or macroeconomic changes having a material adverse effect on the debtor;

- a significant adverse event has been reported concerning the loan or another loan taken by the same debtor from another lender, for instance a loan agreement has been terminated, there has been a default under its terms and conditions, or the loan agreement has been renegotiated due to financial distress of the debtor, etc.
- the debtor has lost a significant customer or supplier or has experienced other adverse developments on its market.

With respect to short-term receivables, the Company has performed an analysis of the effect of expected losses using the simplified method, which is permitted to be used under IFRS 9 to estimate the effect of expected credit losses with respect to short-term trade receivables.

2. 3 **Basis of preparation**

These interim condensed separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future and in conviction that there are no circumstances which would indicate a threat to the Company's continuing as a going concern.

These separate financial statements have been prepared in accordance with the accounting policies described in the separate financial statements for 2018.

2. 4 **Functional currency and presentation currency of the financial statements; rules applied to translate financial data**

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

The data contained in these interim condensed separate financial statements is presented in the Polish złoty (PLN), rounded to the nearest thousand. The Polish złoty is the functional currency of the Company and the presentation currency of the separate financial statements.

2. 4. 2 **Rules applied to translate financial data**

The following exchange rates (in PLN) were used to measure items of the separate statement of financial position denominated in foreign currencies:

Separate statement of financial position

	30 June 2019 <i>(unaudited)</i>	31 December 2018	30 June 2018 <i>(unaudited)</i>
EUR	4,2520	4,2520	4,3616
USD	3,7336	3,7597	3,7440

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

In these interim condensed separate financial statements, material judgements made by the Management Board in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those presented in Note 3 to the separate financial statements for 2018.

The preparation of financial statements in accordance with EU IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on experience and other factors deemed reasonable under the circumstances, and their results provide a basis for judgement about carrying amounts of assets and liabilities that are not directly attributable to other sources. Actual results may differ from the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. A change in accounting estimates is recognised in the period in which the estimate is revised, or in the current and future periods if the revised estimate relates to both the current and future periods. In material matters, the Management Board makes estimates based on opinions and valuations prepared by independent experts.

3. Segment reporting

An operating segment is a separate part of the Company which is engaged in providing certain products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and which is exposed to other risks and derives other benefits than the other segments.

The primary and sole business activity of MLP Group S.A is management of logistics space.

Pursuant to IFRS 8.4, segment reporting is presented in Note 5 to the consolidated financial statements of the Group.

3. 1. Key customers of the Company

The share of key customers in the Company's revenue was as follows:

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
MLP Pruszków I Sp. z o.o.		48%	59%
MLP Pruszków III Sp. z o.o.		10%	6%
MLP Pruszków IV Sp. z o.o.		6%	3%
MLP Pruszków II Sp. z o.o.		3%	3%

4. Revenue

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Property management		1 929	1 725
Project management		428	297
Advisory services		1 668	2 119
Recharge of services		401	355
Total revenue		4 426	4 496
<i>- including from related entities</i>		<i>4 412</i>	<i>4 328</i>

For more detailed information on revenue from related entities, see Note 24.3.

5. Other income

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Reversal of provision for future costs		-	359
Other		5	59
Other income		5	418

6. Other expenses

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Other expenses		(1)	(10)
Donations made		-	(8)
Other expenses		(1)	(18)

7. Distribution costs and administrative expenses

	<i>6 months ended 30 June</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Depreciation and amortisation		(370)	(37)
Raw materials and consumables used		(127)	(113)
Services		(2 655)	(2 034)
Taxes and charges		(33)	(25)
Wages and salaries		(1 073)	(810)
Social security and other employee benefits		(265)	(176)
Other expenses by nature		(224)	(221)
Distribution costs and administrative expenses		(4 747)	(3 416)

Distribution costs and administrative expenses for the period ended 30 June 2019 were PLN 4,747 thousand. They mostly include costs of servicing and maintenance of income-generating investment properties owned by the subsidiaries, and costs of providing advisory services. The Company recovers these amounts by issuing invoices for managing the properties.

8. Finance income and costs

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income on loans advanced to related entities		2 798	1 791
Dividend income		133	5 000
Other		8	19
Net exchange differences		292	-
Total finance income		3 231	6 810
Interest expense on non-bank borrowings from related entities		(1 332)	(724)
Interest expense on bonds		(1 856)	(1 444)
Net exchange differences		-	(733)
Other finance costs		(108)	(81)
Total finance costs		(3 296)	(2 982)

Exchange differences are mainly attributable to the effect of measurement as at the end of the reporting period of liabilities and receivables under non-bank borrowings and EUR-denominated bonds.

For more detailed information on finance income from and finance costs to related entities, see Note 24.3.

9. Income tax

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Temporary differences/reversal of temporary differences		(99)	3 425
Income tax		(99)	3 425

Effective tax rate

	<i>6 months ended 30 June</i>	2019	2018
Profit before tax		(382)	5 308
Tax at the applicable tax rate (19%)		73	(1 009)
Dividend income		25	-
Write-off of assets on tax loss		-	(3 340)
Unrecognised asset on tax loss		(71)	-
Non-taxable income		74	950
Non-tax-deductible costs		(2)	(26)
Income tax		99	(3 425)

Tax laws relating to value added tax, corporate and personal income tax, and social security contributions are frequently amended. Therefore, it is often the case that no reference can be made to established regulations or legal precedents. The laws tend to be unclear, thus leading to differences in opinions as to legal interpretation of fiscal regulations, both between different state authorities and between state authorities and businesses. Tax and other settlements (customs duties or foreign exchange settlements) may be inspected by authorities empowered to impose significant penalties, and any additional amounts assessed following an inspection must be paid with interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.

Tax settlements may be subject to inspection over a period of five years following the end of the following tax year. As a result, the amounts disclosed in the financial statements may change at a later date, once their final amount is determined by the tax authorities.

10. Non-current financial assets in related entities

	30 June	31 December
<i>as at</i>	2019	2018
	<i>(unaudited)</i>	
Gross amount at beginning of period	123 361	123 249
Subscription for shares in MLP Pruszków V Sp. z o.o.	-	5
Subscription for shares in MLP Germany Management GmbH	-	107
Gross amount at end of period	123 361	123 361
Net amount at end of period	123 361	123 361

As at 30 June 2019, the Company held directly or indirectly interests in the following entities:

Entity	Country of registration	Direct and indirect interest in equity		Direct and indirect interest in rights	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź Sp. z o.o.	Poland	100%	100%	100%	100%

Entity	Country of registration	Direct and indirect interest in equity		Direct and indirect interest in rights	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
MLP Czeladź Sp z o.o.	Poland	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West SRL	Romania	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Germany Management GmbH	Germany	100%	100%	100%	100%

11. Long-term investments

	as at	30 June 2019 (unaudited)	31 December 2018
Long-term loans to related entities		253 533	246 894
		253 533	246 894

12. Short-term investments

	as at	30 June 2019 (unaudited)	31 December 2018
Short-term loans to related entities		434	3 553
Short-term investments		434	3 553

For more detailed information on loans to related entities, see Note 24.2.

13. Change in financial assets attributable to financing and other activities

	Shares
Amount as at 31 December 2018	123 361
Amount as at 30 June 2019	123 361

	Loan assets
Amount as at 31 December 2018	250 447
Loan advanced	52 697
Repayment of principal	(51 050)
Interest accrued	2 798
Interest paid	721
Interest capitalised	
Realised foreign exchange gains/(losses)	167
Change in carrying amount	(1 813)
Amount as at 30 June 2019	253 967

14. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net amount	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>as at</i>						
Loans advanced and non-bank borrowings	(609)	(891)	-	-	(609)	(891)
Tax loss	(1 900)	(1 434)	-	-	(1 900)	(1 434)
Other	(167)	(253)	-	-	(167)	(253)
Bonds	(98)	(97)	-	-	(98)	(97)
Deferred tax assets / liabilities	(2 774)	(2 675)	-	-	(2 774)	(2 675)

	1 January 2018	changes recognised in profit or loss	31 December 2018	changes recognised in profit or loss	30 June 2019
Loans advanced and non-bank borrowings	(974)	83	(891)	282	(609)
Tax loss	(4 508)	3 074	(1 434)	(466)	(1 900)
Other	(424)	171	(253)	86	(167)
Bonds	(67)	(30)	(97)	(1)	(98)
	(5 973)	3 298	(2 675)	(99)	(2 774)

Unrecognised deferred tax asset on tax loss as at 30 June 2019 was PLN 71 thousand.

MLP Group S.A. does not recognise deferred tax related to its shares in subsidiaries as the Company fully controls its subsidiaries and does not expect to sell its interests in subsidiaries in the foreseeable future.

Based on the tax budgets prepared by the Company, the Management Board considers it justified to recognise a deferred tax asset on tax loss in the amount disclosed in the statement of financial position.

15. Trade and other receivables

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Trade receivables from related entities		1 387	1 873
Trade receivables from other entities		6	3
Taxes and social security receivable		66	22
Prepayments and accrued income		592	549
Dividend receivable		133	-
Other		152	43
Trade and other receivables		2 336	2 490

For information on receivables from related entities, see Note 24.

The ageing structure of trade and other receivables and impairment losses are presented in the table below.

	30 June 2019 <i>(unaudited)</i>		31 December 2018	
	Gross receivables	Impairment loss	Gross receivables	Impairment loss
Not past due	1 096	-	859	-
Past due from 1 to 90 days	475	-	892	-
Past due from 91 to 180 days	41	-	106	-
Pas due over 180 days	66	-	62	-
Total receivables	1 678	-	1 919	-

16. Cash and cash equivalents

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Cash in hand		10	4
Cash at banks		61 278	6 669
Short-term deposits		676	727
Cash and cash equivalents in the separate statement of financial position		61 964	7 400
Cash and cash equivalents in the separate statement of cash flows		61 964	7 400

The Company has no restricted cash.

17. Equity

17. 1 Share capital

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Share capital			
Series A ordinary shares		11 440 000	11 440 000
Series B ordinary shares		3 654 379	3 654 379
Series C ordinary shares		3 018 876	3 018 876
		18 113 255	18 113 255
Par value per share		0,25	0,25

As at 30 June 2019, MLP Group S.A.'s share capital amounted to PLN 4,528,313.75 and was divided into 18,113.255 shares conferring 18,113,225 voting rights at the General Meeting. All shares have a par value of PLN 0.25 and have been fully paid up.

17. 1. 1 Shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company

To the best of the Management Board's knowledge, as at the date of preparation of these interim condensed separate financial statements, the shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company were as follows:

Shareholder	Number of shares and voting rights	% of shares and voting rights
CAJAMARCA Holland BV	10 319 842	56,97%
Other shareholders	1 761 703	9,73%
THESINGER LIMITED	1 771 320	9,78%
Aegon Powszechno Towarzystwo Emerytalne S.A.	1 220 652	6,74%
MetLife OFE	1 696 900	9,37%
GRACECUP TRADING LIMITED	641 558	3,54%
MIRO B.V.	452 955	2,50%
Shimshon Marfogel	149 155	0,82%
MIRO LTD.	99 170	0,55%
Total	18 113 255	100,00%

17. 1. 2 Shares and rights to shares of MLP Group S.A. held by members of management and supervisory bodies

Michael Shapiro holds indirectly, through his fully-controlled companies MIRO B.V. and MIRO Ltd., a 3.05% interest in MLP Group S.A.'s share capital, and, through a 25% interest in the share capital held by MIRO B.V. in Cajamarca Holland B.V., Mr Shapiro is the beneficial owner of 14.24% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro is the beneficial owner of a 17.29% interest in the share capital of MLP Group S.A.

Shimshon Marfogel, Chairman of the Supervisory Board, is – indirectly, through a 7.86% interest held in the share capital of a company (Thesinger Limited) holding Issuer shares – the beneficial owner of 0.77% of the share capital of MLP Group S.A., and holds directly an 0.82% interest in the share capital of the Company in the for of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel is the beneficial owner of a 1.59% interest in the share capital of MLP Group S.A.

The other members of the Supervisory Board have no direct holdings in the Company's share capital.

17. 2 Capital reserve

The capital reserve was created from profit earned in 2010 (PLN 1,470 thousand) and profit earned in 2012 (PLN 2,724 thousand).

18. Earnings and dividend per share

Earnings per share for each reporting period are calculated as the quotient of net profit (loss) for the period and weighted average number of shares outstanding in the reporting period. Diluted earnings per share for each period are calculated as the quotient of net profit/(loss) for the period and the sum of the weighted average number of ordinary shares outstanding in the reporting period and all potentially dilutive shares.

	<i>6 months ended 30 June</i>	2019	2018
		<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit/(loss) for period		(283)	1 883
Weighted average number of outstanding shares		18 113 255	18 113 255
Earnings per share for period (PLN per share):			
- basic		(0,02)	0,10
- diluted		(0,02)	0,10
There were no dilutive factors in the presented periods.			

19. Liabilities under non-bank borrowings and other debt instruments

19. 1 Non-current liabilities

	<i>as at</i>	30 June 2019	31 December
		<i>(unaudited)</i>	2018
Bonds		127 560	129 000
Non-bank borrowings from related entities		158 094	97 724
Non-current liabilities under non-bank borrowings and other debt instruments		285 654	226 724

19. 2 Current liabilities

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Bonds		520	514
Non-bank borrowings from related entities		9 012	9 059
Current liabilities under non-bank borrowings and other debt instruments		9 532	9 573

For more detailed information on loans from related entities, see Note 24.2.

19. 3 Change in financial liabilities attributable to financing and other activities

	<i>Bonds</i>
Amount as at 31 December 2018	129 514
Interest accrued on bonds	1 856
Interest paid on bonds	(1 849)
Change in carrying amount	(1 441)
Amount as at 30 June 2019	128 080

	<i>Non-bank borrowings from related entities</i>
Amount as at 31 December 2018	106 783
Increase in non-bank borrowings	60 918
Repayment of principal	(826)
Interest accrued/ paid/ capitalised	1 332
Realised foreign exchange gains/(losses)	4
Change in carrying amount	(1 105)
Amount as at 30 June 2019	167 106

19. 4 Liabilities under bonds

Instrument	currency	nominal value	maturity date	interest rate	guarantees and collateral	listing venue
Private bonds – Series A	EUR	20 000 000	2022-05-11	6M EURIBOR + margin	none	Catalyst
Private bonds – Series B	EUR	10 000 000	2023-05-11	6M EURIBOR + margin	none	Catalyst

19. 5 Non-bank borrowings not secured over the Company's assets

Loan from	currency	effective interest rate (%)	as at 30 June 2019*		31 December 2018			
			matures in foreign currency	in PLN	matures in foreign currency	in PLN		
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2027	13 893	59 073	-	-	-
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2021	287	1 219	2021	345	1 483
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2020	-	-	2020	629	2 703
MLP Pruszków I Sp. z o.o.	PLN	3M WIBOR + margin	2020	-	8 501	2020	-	8 384
MLP Pruszków I Sp. z o.o.	PLN	3M WIBOR + margin	2026	-	39 788	2026	-	39 084
MLP Pruszków I Sp. z o.o.	EUR	1M EURIBOR + margin	2020	7 635	32 463	2020	7 103	30 542
MLP Pruszków III Sp. z o.o.	EUR	3M EURIBOR + margin	2027	293	1 248	-	-	-
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2019	2 119	9 012	2019	2 107	9 059
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2020	399	1 698	2020	397	1 708
MLP Bieruń Sp. z o.o.	EUR	3M EURIBOR + margin	2027	31	132	-	-	-
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	PLN	3M WIBOR + margin	2020	-	11 150	2020	-	10 985
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2025	664	2 822	2025	660	2 835
Total				25 321	167 106		11 241	106 783

* Unaudited.

20. Employee benefit obligations

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Special accounts		157	157
Provision for bonuses		761	761
Employee benefit obligations		918	918

21. Trade and other payables

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Trade payables to other entities		367	858
Taxes and social security payable		79	216
Accrued expenses		80	532
Investment and other commitments		2	1
Trade and other payables		528	1 607

For information on payables to related entities, see Note 24.

The table below presents the ageing structure of trade and other payables.

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Not past due		425	650
Past due from 1 to 90 days		19	741
Past due from 91 to 180 days		5	-
Total trade and other payables		449	1 391

Trade payables are non-interest bearing and are typically settled within 30 to 60 days. Amounts resulting from the difference between input and output value added tax are paid to the relevant tax authorities in the periods prescribed by the relevant tax laws. Interest payable is generally settled on the basis of accepted interest notes.

22. Financial instruments

22. 1 Measurement of financial instruments

The fair values of financial assets and financial liabilities as at 30 June 2019 and 31 December 2018 were equal to their respective amounts disclosed in the separate statement of financial position.

The following assumptions were made for the purpose of fair value measurement:

- **cash and cash equivalents:** the carrying amounts of those financial instruments correspond to fair value due to their short maturities,
- **trade receivables, other receivables, trade payables, and accrued expenses:** the carrying amounts approximate fair value due to the short-term nature of those instruments,
- **loans advanced:** the carrying amounts correspond to fair value because the variable interest rates of those instruments are close to market interest rates,
- **non-bank borrowings:** the carrying amounts of those instruments approximate fair value because of their variable interest rates,
- **bonds:** the carrying amounts of those instruments approximate fair value because their variable interest rates are based on market rates.

22. 1. 1 Financial assets

	<i>as at</i>	30 June 2019	31 December 2018
Financial liabilities measured at amortised cost:		<i>(unaudited)</i>	
Cash and cash equivalents		61 964	7 400
Loans and receivables, including:			
• Trade and other receivables		1 678	1 919
• Loans		253 967	250 447
		317 609	259 766
Total financial assets		317 609	259 766
Measurement of assets at amortised cost as at 30 June 2019:			
	Stage 1	Stage 2	Stage 3
Gross carrying amount	317 609	-	-
Cash and cash equivalents	61 964	-	-
Loans and receivables, including:			
• Trade and other receivables	1 678	-	-
• Loans	253 967	-	-
Impairment losses (IFRS 9)	-	-	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	-	-
• Loans	-	-	-
Carrying amount (IFRS 9)	317 609	-	-

22. 1. 2 Financial liabilities

	<i>as at</i>	30 June 2019 <i>(unaudited)</i>	31 December 2018
Financial liabilities measured at amortised cost:			
Non-bank borrowings		167 106	106 783
Trade and other payables		449	1 391
Bonds		128 080	129 514
		295 635	237 688
Total financial liabilities		295 635	237 688

23. Contingent liabilities and security instruments provided by the Company

In the period ended 30 June 2019, the Company recognised the following changes in contingent liabilities and security instruments:

- As a result of repayment of the credit facility provided to MLP Pruszków I Sp. z o.o. by BGŻ BNP Paribas S.A. (formerly Raiffeisen Bank Polska S.A.), the following pledges were deleted from the register: the registered pledge created over MLP Pruszków I Sp. z o.o. shares held by MLP Group S.A. for up to a total security amount of EUR 80,000 thousand, and the registered and financial pledges created over the same shares for up to a total security amount of EUR 54,750 thousand.
- As a result of repayment of the credit facility provided by BGŻ BNP Paribas S.A. to MLP Pruszków III Sp. z o.o., the following pledges were deleted from the register: the registered and financial pledges created over MLP Pruszków III Sp. z o.o. shares held by MLP Group S.A. for up to a total security amount of EUR 34,370 thousand and PLN 4,500 thousand.
- In connection with a new credit facility agreement signed on 9 May 2019 by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. with ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch, registered and financial pledges were created over shares held by MLP Group S.A. in MLP Pruszków I Sp. z o.o. and MLP Pruszków III Sp. z o.o. for up to the maximum security amount of EUR 140,895 thousand. The pledges secure debt claims of ING Bank Śląski S.A. (and PKO BP S.A. and ICBC (Europe) S.A. Polish Branch) under the credit facility agreement. The pledges were entered in the pledge register in May 2019.

The other contingent liabilities and security instruments disclosed in the separate financial statements for 2018 did not change in the six months ended 30 June 2019 and remain effective as at 30 June 2019.

24. Related-party transactions

24. 1 Trade and other receivables and payables

The balances of trade and other receivables and payables from related-party transactions as at 30 June 2019 were as follows:

	Trade and other receivables	Trade and other payables ¹⁾
Parent		
The Israel Land Development Company Ltd., Tel-Awiw	106	-
	106	-
Other related parties		
MLP Pruszków I Sp. z o.o.	539	-
MLP Pruszków II Sp. z o.o.	43	-
MLP Pruszków III Sp. z o.o.	111	-
MLP Pruszków IV Sp. z o.o.	73	-
MLP Pruszków V Sp. z o.o.	39	-
MLP Poznań Sp. z o.o.	20	-
MLP Poznań II Sp. z o.o.	64	-
MLP Lublin Sp. z o.o.	70	-
MLP Teresin Sp. z o.o.	130	-
MLP Energy Sp. z o.o.	6	-
MLP Wrocław Sp. z o.o.	20	-
MLP Czeladź Sp z o.o.	28	-
MLP Gliwice Sp. z o.o.	68	-
MLP Bieruń Sp. z o.o.	133	-
MLP Bieruń I Sp. z o.o.	13	-
MLP Łódź Sp. z o.o.	2	-
MLP Poznań West II Sp. z o.o.	12	-
MLP Bucharest West Sp. z o.o.	4	-
MLP Logistic Park Germany 1 Sp. z o.o. & Co. KG	3	-
MLP Bucharest West SRL	15	-
MLP Germany Management GmbH	13	-
MLP FIN Sp. z o.o. Spółka Komandytowa	4	-
Fenix Polska Sp. z o.o.	4	-
	1 414	-
Total	1 520	-

¹⁾ Trade and other payables do not include the remuneration of key management personnel and share-based payments disclosed in Note 27.

24. 2 Loans advanced and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 30 June 2019.

	Loans advanced	Non-bank borrowings
Other related parties		
MLP Pruszków I Sp. z o.o.	295	141 044
MLP Pruszków II Sp. z o.o.	7 382	-
MLP Pruszków III Sp. z o.o.	731	1 248
MLP Pruszków IV Sp. z o.o.	2	-
MLP Pruszków V Sp. z o.o.	28 240	-
MLP Poznań Sp. z o.o.	321	-
MLP Poznań II Sp. z o.o.	168	-
MLP Lublin Sp. z o.o.	15 027	-
MLP Teresin Sp. z o.o.	8 180	-
MLP Wrocław Sp. z o.o.	10 148	-
MLP Czeladź Sp. z o.o.	17 700	-
MLP Gliwice Sp. z o.o.	26 103	-
MLP Property Sp. z.o.o.	312	-
MLP Poznań West Sp. z o.o.	888	-
MLP Temp Sp. z o.o.	-	13 532
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	11 150
MLP Bieruń Sp. z o.o.	59	132
MLP Bieruń I Sp. z o.o.	1 639	-
MLP FIN Sp. z o.o.	57	-
MLP Poznań West II Sp. z o.o.	34 295	-
MLP Bucharest West Sp. z o.o.	17 914	-
MLP Dortmund LP Sp. z o.o.	41	-
MLP Teresin II Sp. z o.o.	20	-
MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k.	34	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	24 462	-
MLP Bucharest West SRL	21 448	-
MLP Germany Management GmbH	962	-
Fenix Polska Sp. z o.o.	37 539	-
	253 967	167 106
Total	253 967	167 106

24. 3 Income and expenses

Below are presented income and expenses under related-party transactions for the six months ended 30 June 2019.

		Sale of services	Interest income	Other finance income
Parent				
904	The Israel Land Development Company Ltd., Tel-Awiw	123	-	-
		123	-	-
Other related parties				
101	MLP Pruszków I Sp. z o.o.	2 143	62	-
102	MLP Pruszków II Sp. z o.o.	122	95	-
103	MLP Pruszków III Sp. z o.o.	434	168	-
104	MLP Pruszków IV Sp. z o.o.	279	2	-
130	MLP Pruszków V Sp. z o.o.	123	232	-
106	MLP Poznań Sp. z o.o.	104	9	-
107	MLP Poznań II Sp. z o.o.	162	2	-
108	MLP Lublin Sp. z o.o.	242	78	-
109	MLP Teresin Sp. z o.o.	124	119	-
110	MLP Energy Sp. z o.o.	34	-	133
111	MLP Wrocław Sp. z o.o.	130	92	-
112	MLP Czeladź Sp z o.o.	129	151	-
113	MLP Gliwice Sp. z o.o.	169	326	-
114	MLP Property Sp. z.o.o.	-	4	-
115	MLP Poznań West Sp. z o.o.	-	12	-
118	MLP Bieruń Sp. z o.o.	-	22	-
119	MLP Bieruń I Sp. z o.o.	14	20	-
121	MLP FIN Sp. z o.o.	-	1	-
123	MLP Łódź Sp. z o.o.	3	-	-
125	MLP Poznań West II Sp. z o.o.	33	590	-
126	MLP Bucharest West Sp. z o.o.	-	172	-
127	MLP Dortmund LP Sp. z o.o.	-	1	-
906	MLP Logistic Park Germany I Sp. z o.o. & Co. KG	20	198	-
907	MLP Bucharest West SRL	14	44	-
908	MLP Germany Management GmbH	10	4	-
902	Fenix Polska Sp. z o.o.	-	394	-
		4 289	2 798	133
Total income		4 412	2 798	133
			Purchase of services and salaries	Interest expense
Other related parties				
	MLP Pruszków I Sp. z o.o.		(27)	(1 085)
	MLP Teresin Sp. z o.o.		(3)	-
	MLP Wrocław Sp. z o.o.		(3)	-
	MLP Czeladź Sp z o.o.		(3)	-
	MLP Gliwice Sp. z o.o.		(3)	-
	MLP Temp Sp. z o.o.		-	(82)
	LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA		-	(165)
	MLP Poznań West II Sp. z o.o.		(3)	-
			(42)	(1 332)

Key management personnel		Purchase of services and salaries	Interest expense
ROMI CONSULTING, Michael Shapiro	<i>see Note 27.</i>	(193)	-
RTK CONSULTING, Radosław T. Krochta	<i>see Note 27.</i>	(62)	-
PROFART, Tomasz Zabost	<i>see Note 27.</i>	(15)	-
Other key management personnel	<i>see Note 27.</i>	(275)	-
		(545)	-
Total expenses		(587)	(1 332)

25. Significant litigation and disputes

As at 30 June 2019, the Company was not party to any material litigation.

26. Significant events during and subsequent to the reporting period

In the period from the end of the reporting period to the date of preparation of these interim condensed separate financial statements, no events occurred which should have been but were not included in the accounting books of the reporting period and the separate financial statements of the Company.

27. Remuneration paid or due to Management and Supervisory Board members

		6 months ended 30 June	2019	2018
			(unaudited)	(unaudited)
Remuneration of the Management Board:				
• Remuneration and other benefits				
Radosław T. Krochta	<i>see Note 24.3</i>		62	347
Michael Shapiro	<i>see Note 24.3</i>		193	229
Tomasz Zabost	<i>see Note 24.3</i>		15	235
			270	811
• Cash-settled share based payments and other compensation paid or due in the period			-	657
			270	1 468
Remuneration of the Supervisory Board:				
• Remuneration and other benefits				
Matusiak Maciej			15	13
Tucharz Jacek			-	13
Levy Eytan			15	13
Marfogel Shimshon			15	13
Piotr Chajderowski			15	-
Daniel Nimrodi			15	13
Guy Shapira			15	13
Yosef Zvi Meir			-	13
			90	91

6 months ended 30 June	2019 (unaudited)	2018 (unaudited)
Total remuneration paid or due to Management and Supervisory Board members	360	1 559
Other management personnel:		
• Remuneration and other benefits <i>see Note 24.3</i>	275	397
• Cash-settled share based payments made or due in the period	-	618
	275	1 015
Total remuneration paid or due to Management and Supervisory Board members	635	2 574

Apart from the transactions described in the note above, members of the Management Board and the Supervisory Board and other management personnel did not receive any other benefits from the Company.

28. Workforce structure

<i>as at</i>	30 June 2019 (unaudited)	31 December 2018
Number of employees	20	20

Signed with a qualified electronic signature.

Radosław T. Krochta
*President of the
Management Board*

Michael Shapiro
*Vice President of the
Management Board*

Tomasz Zabost
*Member of the
Management Board*

Maria Ratajczyk
*Signature of the person
preparing the financial
statements*

Pruszków, 23 August 2019



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

for the six months ended 30 June 2019

This Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2019 has been prepared pursuant to the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (Dz. U. of 2018, item 757).

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Authorisation by the MLP Group S.A. Management Board of the Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2019

This Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2019 was prepared and authorised for issue by the Company's Management Board on 23 August 2019.

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 23 August 2019

Introduction

MLP Group S.A. (the “Company”, the “Issuer”, the “Parent”) is the parent of the MLP Group S.A. Group (the “Group”). The Company is entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register, under No. 0000053299. The Company's registered office is located at ul. 3-go Maja 8 in Pruszków, Poland.

The Company was established on 18 February 1995 (based on a deed of transformation) and was incorporated for an indefinite term.

The Parent's and its subsidiaries' business activities comprise development, purchase and sale of own real estate, lease of own real estate, management of residential and non-residential real estate, general activities involving construction of buildings, and construction. The PKD code of the principal business activity is: 7032Z, i.e. property management services.

The higher level parent of the Group is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: 2 Martinus Nijhofflaan, 2624 ES Delft.

The ultimate parent of 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. General information on the Group and MLP Group S.A.

1.1 Structure of the Group

As at 30 June 2019, the Group consisted of the following entities:

No.	Entity	Country of registration	Parent's direct and indirect interest in equity	Parent's direct and indirect interest in 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 Dortmund LP Sp. z o.o.	Poland	100%	100%
25	MLP Dortmund GP Sp. z o.o.	Poland	100%	100%
26	MLP Logistic Park Germany I Sp. z o.o. &Co KG.	Germany	100%	100%
27	MLP Poznań West II Sp. z o.o.	Poland	100%	100%
28	MLP Bucharest West Sp. z o.o.	Poland	100%	100%
29	MLP Bucharest West SRL	Romania	100%	100%
30	MLP Teresin II Sp. z o.o.	Poland	100%	100%
31	MLP Pruszków V Sp. z o.o.	Poland	100%	100%
32	MLP Germany Management GmbH	Germany	100%	100%

1. 2 Principal business of the Company and the Group

MLP Group is one of the leading industrial developers in Europe. Since 1998, MLP Group has been operating on the commercial real estate market, specialising in the construction of modern warehouse and production parks, offering its tenants warehouse and logistics space, as well as production space suitable for light industrial production. The Group operates on the Polish, German and Romanian markets as an industrial developer, consultant and property manager, providing comprehensive solutions to numerous Polish and international logistics, distribution and production companies, enabling them to optimise their warehouse and production space.

In order to provide high quality services, all projects undertaken by the Group are distinguished by attractive location of the logistics parks, application of built-to-suit solutions, and support given to tenants during the lease term. The Management Board believes that the attractiveness of its logistics parks locations stems from:

- location near large metropolitan areas,
- location near road transport nodes,
- easy access to the logistics parks by public transport.

At present, the Group has eight operational logistics parks in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Czeladź, MLP Gliwice, and one logistics park under construction, i.e. MLP Poznań West. Under a property development contract, the Group was also responsible for the commercialisation of the MLP Bieruń logistics park, which was sold in 2015. In the first quarter of 2019, the commercialisation process was completed. In Germany, the Group currently operates one logistics park (MLP Unna). In Romania, the Group owns a logistics park under construction (MLP Bucharest West). The total area of the Group's land bank is 97.3 ha. The Group has also executed reservation agreements to purchase new plots of land for its planned logistics parks. As a result, the current and potential portfolio of properties managed by the Group includes a total of 16 operational logistics parks located in the 3 markets in Europe where the Group is present.

1.3 The Group's property portfolio

The Group classifies its portfolio properties into two main categories:

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

The table below presents the structure of the Group's property portfolio by category as at 30 June 2019.

Logistics parks in Poland	Location	Target area (m ²)	Existing leasable space (m ²)	Space under construction and under preparation (m ²)	Land bank (m ²)
MLP Pruszków I	Pruszków	170 695	167 320	-	-
MLP Pruszków II	Brwinów	283 897	154 895	7 640	237 863
MLP Poznań	Poznań	89 935	48 351	-	83 167
MLP Lublin	Lublin	48 288	45 776	622	3 780
MLP Teresin	Teresin	37 954	37 954	-	-
MLP Gliwice	Szałsza	66 124	35 564	-	61 120
MLP Wrocław	Mirków	66 795	25 407	-	82 777
MLP Czeladź	Czeladź	76 258	18 681	-	115 155
MLP Poznań West	Dąbrówka	96 844	-	8 507	176 674
MLP Unna ¹	Unna	56 500	48 096	56 500	56 500
MLP Bucharest	Bucharest	99 000	12 232	216	173 168
Total		1 092 290	594 276	73 485	990 204

¹⁾ In H1 2019, the Group signed a 15-year lease contract with L-Shop Team for a total leasable space of 56,000 m², to be delivered in 2022. MLP Unna is in the process of obtaining the building permit, which is expected to be received in Q4 2019 or Q1 2020.

The area of existing buildings is 48,000 m². Currently, the buildings are leased out under short-term contracts expiring in 2021, and are planned to be demolished in the same year.

In July 2019, the Group signed a preliminary contract to purchase 5.5 ha of land for the construction of a new logistics park near Berlin: MLP Business Park Berlin I.

Summary of the leasable space owned by the Group as at 30 June 2019 (m²):

Target space upon completion (m ²)	Space completed (m ²)	Space under construction and under preparation (m ²)	Space completed and leased out (m ²)	Pre-leased space under construction and under preparation (m ²)	Space completed but not leased out (m ²)
POLAND:					
936 790	533 948	16 769	502 777	16 769	31 171
GERMANY:					
56 500	48 096	56 500	48 096	56 500	-
ROMANIA					
99 000	12 232	216	8 200	216	4 032
1 092 290	594 276	73 485	559 073	73 485	35 203

As at 30 June 2019, the area of MLP Group's parks in Poland was 594,276 m², including 25,540 m² for which lease contracts were being finalised and were expected to be signed in Q3 2019. In Romania, a lease contract for 4,000 m² is in the final stages of execution and will be signed in Q3 2019.

Types of leasable space offered by the Group:

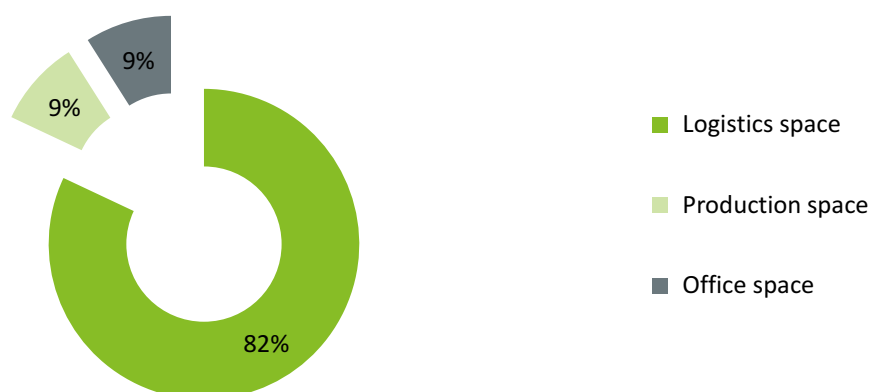
The Group offers two types of space to its tenants:

- warehouse space, i.e. space for storing goods, and
- production space, i.e. space designated for light industrial production.

The Group also provides its tenants with support office space. The final division of leased space depends on tenants' requirements.

Space completed in the Group's parks as at 30 June 2019:

Space completed at the Group by type as at 30 December 2019



Fair value of the Group's property portfolio as at 30 June 2019:

Logistics park	Fair value EUR '000	Fair value PLN '000
MLP Pruszków I	88 750	377 365
MLP Pruszków II	118 480	503 777
MLP Poznań	32 470	138 062
MLP Lublin	29 150	123 946
MLP Teresin	16 790	71 391
MLP Gliwice	23 890	101 580
MLP Wrocław	20 730	88 144
MLP Czeladź	18 440	78 407
MLP Poznań West	10 310	43 838
MLP Unna	7 620	32 400
MLP Bucharest West	12 742	54 156
Total	379 372	1 613 066

The value of the investment property portfolio disclosed in the consolidated financial statements as at 30 June 2019 included: (i) market value of investment property of PLN 1,613,066 thousand, (ii) perpetual usufruct rights to land of PLN 21,143 thousand and expenditure on MLP Łódź Sp. z o.o.'s future investment projects in new locations of interest to the Group, amounting to PLN 491 thousand.

1. 4 Market, customers and suppliers

The Group's property portfolio includes eight operational logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Gliwice, MLP Czeladź, and a logistics park under construction – MLP Poznań West. In Germany, the Group currently operates one logistics park (MLP Unna). In Romania, the Group owns a logistics park under construction (MLP Bucharest West).

1. 4.1 Structure of the Group's sales

The Group earns revenue from lease of investment property in logistics parks in Poland, and from April 2017 also in Germany. The table below presents the types of revenue derived from lease of the properties.

Revenue 6 months ended 30 June	2019	2018 (unaudited, restated)	change (%)
Sales to external customers:			
Rental income from investment property	38 663	35 260	9,7%
Recharge of service charges	12 308	9 820	25,3%
Recharge of utility costs	14 428	12 532	15,1%
Other revenue	711	899	-20,9%
Revenue from development contract concluded by MLP Bieruń Sp. z o.o.	1 360	6 272	-78,3%
Total	67 470	64 783	4,1%

The structure of the Group's tenants is highly diversified and therefore the Group is not exposed to any material risk related to a single tenant or group of tenants. As at 30 June 2019, the average area of income-generating properties per tenant was approximately 6,200 m² (30 June 2018: 6,400 m²).

As at 30 June 2019, the 10 largest tenants occupied about 45% of the total leased space in all of the Group's parks (30 June 2018: 49%).

1. 4.2 Key trading partners

In the reporting period, the Group's companies cooperated mainly with providers of the following services:

- construction services (as part of investment and development projects),
- supply of utilities,
- consulting and advisory services – business and legal,
- maintenance of the properties,
- security services.

For construction services, general contractors are selected in internally organised tender procedures. In H1 2019, the Group worked with two construction companies, Mirbud S.A. and Firma Budowlana Antczak Marek Sp. z o.o., on a general contractor basis. During the reporting period, the turnover with those companies exceeded 10% of the Group's revenue.

The other services are procured from a broad base of suppliers, and therefore the Group is not dependent on any single supplier. In H1 2019, none of the Group's other suppliers accounted for more than 10% of the Group's revenue.

2. Activities of the MLP Group S.A. Group

2. 1 Activities of the MLP Group S.A. Group in 2019

In H1 2019, the Group continued its operations consisting in the construction and lease of warehouse and office space. The construction work was mainly outsourced to specialist third-party service providers on the general contractor basis.

In the period under review, the Group carried out a few property development projects and leased more than 546,000 m² of existing warehouse and office space. The Company's Management Board reviewed and assessed on an ongoing basis:

- current construction projects in terms of their progress,
- actual and expected revenue,
- use of the Group's existing land resources and its ability to tailor the offering to meet the anticipated market expectations and demand,
- available opportunities to purchase land for new projects to be implemented in subsequent years,
- the Group's efforts to optimise financing of its investing activities.

2. 1.1 *Projects started and projects completed*

In H1 2019, the Group was engaged in the construction of projects with a total area of 53,549 m², with a further 58,930 m² under preparation, so the total area of the projects was 112,479 m².

Out of the total, 35,942 m² was attributable to projects commenced before 2019. The total area of the projects completed by the Group in H1 2019 was 56,166 m². The projects were delivered in four logistics parks.

2. 1.2 *Projects under construction and under preparation*

MLP Group S.A focuses on expanding its existing logistics parks in Poland and abroad (i.e. building warehouse space on its land) and on building built-to-suit projects outside the existing parks. The Group also looks for attractive land for the development of new logistics parks. In line with its strategy of dynamic development on the German market, MLP Group plans to expand in a number of locations, including near Berlin, Cologne, Koblenz and Mönchengladbach. Currently, the Group is engaged in commercialisation efforts. On the Polish market, the company is going to acquire land in Central Poland and in the vicinity of Wrocław in the near future.

In H1 2019, the Group signed a preliminary contract to purchase 5.5 ha of land for the construction of a new logistics park near Berlin: MLP Business Park Berlin I. At the end of 2019, the company plans to obtain the building permit for the MLP Business Park Berlin I project, with a total area of approximately 15,000 m². Construction of the project is planned for 2020. MLP Business Park Berlin I will be a small business unit (SBU) project, in line with urban logistics trends, i.e. last mile delivery. The project will comprise small storage modules of some 700-1,500 m², together with high-standard office space, whose area will represent approximately 20% of the storage space. The project is addressed to e-commerce sector customers and companies looking for urban storage facilities located on the outskirts of large urban agglomerations. It is currently one of the fastest growing segments of the logistics market, largely because of the development of e-commerce.

In H1 2019, MLP Group signed a letter of intent to purchase a property in Mönchengladbach. A project with an area of approximately 55,000 m² will be built in a location now occupied by industrial plants. It will be dedicated to both logistics operators and manufacturing companies interested in 'big box' facilities, and to smaller customers looking for SBU space – minimum modules starting from 1,500 m².

In H1 2019, MLP Group signed reservation agreements for the purchase of investment land in Cologne (approximately 6.5 ha of land – an SBU project) and Koblenz (10 ha – a 'big box' concept). Depending on the time of obtaining the building permit, the project start is planned for 2020.

In the second half of the year, MLP Group plans to start expansion on the Austrian market with a project located in the vicinity of the Vienna airport. It will involve construction of SBU facilities intended mainly for e-commerce sector customers.

As at the date of this report, the Group had no other binding commitments to execute any new projects.

2. 1.3 Material agreements

Material suppliers with whom agreements with a total value exceeding 10% of the Group's equity were concluded in H1 2019.

In H1 2019, the Group did not enter into any agreements with a single supplier where the total value of such agreements would exceed 10% of the Group's equity.

2. 1.4 Shareholder agreements

The Group is not aware of any agreements between the Company's shareholders.

Further, the Group has no knowledge of any agreements (including those concluded after the reporting date) which could result in future changes in the proportions of shares held by the current shareholders.

2. 1.5 Partnership or cooperation agreements

In H1 2019, the Group did not enter into any material cooperation or partnership agreements with other entities.

2. 1.6 Related-party transactions

All transactions executed by the Company or its subsidiaries with related parties were executed on an arm's length basis.

For description of related-party transactions, see Note 25 to the Group's consolidated financial statements for the six months ended 30 June 2019.

2. 1.7 Litigation

Proceedings pending before courts, arbitration bodies or public administration bodies

As at 30 June 2019, the Group was party to proceedings concerning liabilities and claims totalling approximately PLN 31,713 thousand, including proceedings concerning liabilities of approximately PLN 5,486 thousand (of which PLN 5,406 thousand was attributable to litigation involving OLPIZ Sp. z o.o., pending since 2014), and proceedings related to claims totalling approximately PLN 26,227 thousand (including PLN 21,888.7 thousand attributable to litigation involving Czerwona Torebka S.A.).

On 16 July 2018, the final judgement was issued in favour of MLP Poznań West Sp. z o.o. against Trzecia - Czerwona Torebka S.A. sp.k. and Czerwona Torebka S.A., awarding to the claimant payment of PLN 21,888,674.51 plus statutory default interest accrued from 29 January 2016 to the payment date and costs of the proceedings. In July 2018, the final judgment was passed, based on which enforcement proceedings were started.

The Group is a party to court proceedings relating to revision of the perpetual usufruct charge rate. As at the date of issue of this report, the Management Board of MLP Group S.A. was not able to estimate the amount of the charge. The amount determined by the court may affect the value of investment property and finance lease liabilities.

The proceedings involving the Group have no material impact on the Group's business.

2. 2 Development of the Group and risk factors

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

The Group's business is exposed to the following risks arising from holding of financial instruments:

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

The Management Board is responsible for establishing and overseeing the Group's risk management functions, including the identification and analysis of the risks to which the Group is exposed, determining appropriate risk limits and controls, as well as risk monitoring and matching of the limits. The risk management policies and procedures are reviewed on a regular basis, to reflect changes in market conditions and the Group's business.

Credit risk

Credit risk is the risk of financial loss to the Company and the Group companies if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain, in terms of quality and value, a stable and sustainable portfolio of loans and other investments in debt instruments, by operating an appropriate credit limit policy.

Liquidity risk

Liquidity risk is the risk of the Group not being able to meet in a timely manner its liabilities that are to be settled by delivery of cash or other financial assets. 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 risking unacceptable losses or damage to the Group's reputation. To this end, the Group monitors its cash flows, maintains lines of credit and secures access to 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 results or the value of financial instruments it holds. The objective of market risk management is to maintain and control the Group's exposure to market risk within assumed limits, while seeking to optimise the rate of return on investment. The risk mitigating measures include applying hedge accounting to minimise volatility of the current period's profit or loss.

Currency risk

The consolidated financial statements of the Group are prepared in PLN, which is the functional currency of the Group. Most of the Group's rental income is denominated in EUR and occasionally in PLN and USD. Some of the Group's costs, such as certain construction costs, labour costs and wages, are denominated in PLN.

To hedge the currency risk, the Group companies use primarily natural hedging by raising debt financing denominated in the euro. To reduce the volatility of returns on investment caused by exchange rate fluctuations, the Group companies may also enter into contracts hedging against such risks, including derivative contracts, or may enter into contracts with contractors (project contracts with general contractors) denominated in the euro. Due to the Group's short currency position, depreciation of the Polish currency against the euro may adversely affect the Group's results by driving up debt service costs.

Interest rate risk

Credit facilities used by the Group bear interest at variable rates. Interest rates depend, to a significant degree, on many factors, including the government's monetary policy, national and international economic and political conditions, as well as other factors beyond the Group's control. Changes in interest rates may increase the Group's borrowing costs under the credit facilities and thus affect its profitability. Any need to hedge interest rate risk is considered by the Group on a case-by-case basis. In order to mitigate the interest rate risk, the Group companies enter into interest rate swap transactions with the financing banks. Changes in interest rates may have a material adverse effect on the financial position and results of the Group.

In addition to the risks listed above, the Group's business is also exposed to the following risks:

Risk related to the Group's dependence on macroeconomic conditions

The development of the commercial real estate market on which the Group operates depends on changes in the construction and real estate industries, trends in the manufacturing, commerce, industry, services, and transport sectors, and on the development of the economy in general, which is driven by a number of macroeconomic factors, including economic growth rate, inflation rate, interest rates, the situation on the labour market and the amount of direct foreign investments. Also, the Group's business depends indirectly on changes in the global economy. It is affected in particular by gross domestic product, inflation rate, currency exchange rates, interest rates, unemployment rates, average wages, as well as the government's fiscal and monetary policies. The rate of growth of the domestic economy, and thus the Group's business and results, may be affected by slowdown of the global economy. Adverse changes in the macroeconomic conditions and economic and monetary policies in Poland and other countries may have a material adverse effect on the Group's financial results and its ability to implement its plans.

Risks related with factors specific to the real estate sector

The Group is exposed to risks related to property development, acquisition, ownership and management of real estate on the commercial real estate market.

The Group's revenue and the value of its properties may be affected by a number of factors, including: (i) changes in the legal and administrative regulations governing the real estate market, including permits and consents, land use planning, taxes and other public charges; (ii) cyclical changes in the real estate market on which the Group operates; (iii) the Group's ability to procure appropriate construction, management, maintenance and insurance services. Although the Group takes specific measures to protect its business from the negative impact of these risks, it is impossible to eliminate them entirely. The occurrence of any of the risks will have a material adverse effect on the Group's business, financial condition, results or growth prospects.

Risk related to a possible downturn on the real estate market and general economic slowdown

Downturn on the property market may adversely affect the Group's performance in terms of profits from lease of warehouse space. If tenants default on their obligations or if the Group is not able to attract tenants, the Group will not earn rental income but will incur costs related to the property. Such costs may include legal costs and valuation expenses, maintenance costs, insurance and property taxes. As a rule, lease rents and market prices of property depend on economic conditions. Consequently, a decrease in market prices may result in lease rents being set at levels lower than those originally planned, may lead to losses on individual projects, or may result in a need to find an alternative use of the purchased land. The occurrence of such events may have a material adverse effect on the Group's business, financial position and results.

Insurance risk

The Group's properties may be destroyed or damaged due to many foreseeable or unforeseeable circumstances. In addition, third parties may suffer damage as a result of events for which the Group is liable. Given the scope of the Group's existing insurance cover, there is a risk that such damage or claims will not be covered by the insurance or that they will be covered only in part. Some risks are not insured/insurable, and for other risks the cost of insurance premiums is disproportionate to the likelihood of the risk occurring. The Group's insurance cover may not protect the Group against all losses that the Group may incur in connection with its business, and some types of insurance may not be available on commercially reasonable terms or at all. Accordingly, the Group's insurance cover may not be sufficient to fully compensate for losses incurred in connection with its real estate.

Risk related to the nature of the Group's business

Development of the Group's business involves risks inherent in the process of construction of warehousing and production parks. During the construction of warehousing and production parks, delays or technical problems may occur that are beyond the developer's control and may result in the Group's failure or inability to obtain in a timely manner permits or administrative decisions required by law, which in turn may have an adverse effect on the Group's business, financial condition or results.

Risk of failure to successfully complete profitable investments, in particular in the property development business

The Group's ability to start and complete development, reconstruction or upgrade projects depends on a number of factors, some of which are beyond its control. These factors include, in particular, the Group's ability to obtain all of the necessary administrative decisions, to raise external financing on satisfactory terms or at all, to hire reliable contractors, and to attract suitable tenants.

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

- increase in the cost of materials, labour costs or other expenses that may cause the completion of a project to be unprofitable;
- actions of public authorities and local governments resulting in unexpected changes in the land use planning and architectural requirements;
- defects or limitations of legal title to plots or buildings acquired by the Group, or defects, limitations or conditions related to administrative decisions concerning the plots of land owned by the Group;
- changes in applicable laws, rules or standards which take effect after the Group commences the planning or construction phase of a project, resulting in the Group incurring additional costs or resulting in delays in the project or its interpretation or application;
- violations of building standards, incorrect methods of construction or faulty construction materials;
- industrial accidents, previously unknown existing soil contamination or potential liability under environmental and other relevant legislation, for example relating to archaeological finds or unexploded ordnance, or building materials which will be regarded as harmful to health;
- forces of nature, such as bad weather, earthquakes and floods, which may cause damage or delay execution of projects;
- acts of terrorism or riots, revolts, strikes or civil unrest.

The Group's projects may be carried out only if the land has appropriate technical infrastructure required by law (e.g. access to internal roads, access to utilities, certain procedures for fire protection and adequate facilities to ensure this protection). Competent authorities may oblige the Group to create additional infrastructure required by law as part of the construction works before relevant administrative decisions are issued. Such additional work may significantly affect the cost of construction.

Further, certain projects may become unprofitable or impracticable for reasons beyond the Group's control, such as 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 relating to general contractors

In a significant number of cases, the Group outsources the execution of its 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 projects in accordance with established standards of quality and safety, on 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, lead to project delays, or result in claims against the Group. In addition, such circumstance may adversely affect the Group's image and ability to sell the completed projects.

The financial strength and liquidity of the general contractors employed by the Group may not be sufficient in the event of a severe downturn in the property market, which in turn could lead to their bankruptcy, thus adversely affecting the execution of the Group's strategy. Any security that is typically provided by general contractors to secure the performance of their contractual obligations towards the Group may not cover the total costs and damages incurred by the Group in these circumstances.

The Group's dependence on general contractors also exposes the Group to all risks arising from poor quality of work of such general contractors, their subcontractors and employees, and from construction defects. In particular, the Group may incur losses due to the need to engage other contractors to correct defective work done or to pay damages to persons who incurred losses due to the faulty execution of work. Furthermore, there is a risk that such losses or costs will not be covered by the Group's insurance, by the contractor or the relevant subcontractor.

Risk related to obtaining administrative decisions

As part of its activities and in the course of managing its assets, the Group is legally required to obtain a number of licenses, consents or other decisions from public administration bodies, including in particular permits for execution, construction and use of its properties. No assurance can be given by the Group that any such permits, consents or other decisions concerning the existing properties or new projects will be obtained on time or that they will be obtained at all, or that the permits, consents or decisions held or obtained in the future will not be revoked or their validity will be extended. Moreover, certain decision of public administration authorities may be subject to satisfaction of additional conditions by the Group (including the provision of appropriate infrastructure by the Group), or such authorities may impose additional conditions and obligations on the Group, which may entail additional costs and protract the proceedings.

The Group may also seek changes in some of the Group's projects or facilities, as well as changes in the use of the properties to make them more effective or aligned with current trends in the real estate market. Implementing such changes may prove impossible due to difficulties in obtaining or amending the terms of the required permits, consents and decisions, in particular in the case of properties entered in the register of historical places.

In addition, social organisations and organisations 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, consents or other decisions, including through 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 projects. Such activities may significantly affect the time needed by the Group to execute its projects and may result in additional costs the Group will have to incur in connection with its projects.

Risk related to land acquisition

The effectiveness and scale of the Group's operations depend, among other factors, on the supply of appropriate properties for development, their prices and legal status. The ability to find and acquire appropriate real estate at competitive prices and to obtain financing on appropriate terms is a prerequisite for efficient execution of the adopted strategy and delivery of the planned results. Opportunities to acquire land at attractive locations depend on the Group's effectiveness, the legal aspects of the Group's operations, and the objective factors of the market environment (i.e. strong competition in the land market, long time necessary to change intended use of the land caused by delays in adoption of the local zoning plans or the absence of such plans, as well as limited supply of land with appropriate infrastructure). The Group has a team of professionals responsible for searching for suitable land, analysis of its legal status and prospects, and managing the administrative processes. The Group also cooperates with a group of reputable market and legal advisors.

The price of land is driven indirectly by such factors as demand for lease of warehouse and office space, as well as macroeconomic conditions, availability of financing, supply of warehouse and office space in a given area, and tenants' expectations as to the standard and location of the properties. The Group seeks to effectively respond to changes in the macroeconomic environment through such measures as phased approach to project execution.

An increase in future land prices may also adversely affect the competitiveness and profitability of the Group's new projects. This is because the cost of land is a major factor determining the viability of a given project. On the other hand, increase in land prices may improve the competitiveness of the Group's projects on land which had already been purchased at lower prices. In order to minimise the impact of the risk of land price increases, the Group has a land bank with prospective projects with a total area of approximately 111.9 ha. Decline in the value of land may result in lower valuations of the investment properties, and may adversely affect the competitiveness and profitability of some of the Group's projects on land owned by the Group.

2. 2.2 Business development prospects

The Group's strategic objective is to continuously increase its warehouse space on the Polish market, and to expand into foreign markets, mainly in Germany (which is viewed as a strategic market) and in Romania. The main objective of the Group is to develop properties in the current land bank and to deliver projects on a built-to-suit (BTS) basis outside the current parks, for resale. The MLP Group Management Board also intends to increase investments in speculative buildings, driven by growing demand for warehouse space in Poland. Tenants are increasingly interested in City Logistics facilities. These are small modules offering modern warehouse space and a representative office with a high standard of finish.

Poland's GDP growth, as well as the country's growing importance as a provider of services to e-commerce operators catering to the needs of Western European markets, are a major factor stimulating the demand. In addition, low interest rates and the lowest rent rates in Europe strengthen Poland as one of the most attractive in locations for this type of activity in Europe. Because the overall condition of the economy and the trends in the warehousing market are strongly correlated, we may expect that this will be reflected in the further increase in demand for warehouse space.

Warehouse space market in H1 2019

- **Poland**

The Polish warehouse space market is strong. At the same time, Poland maintains its leading position in Central and Eastern Europe.

In H1 2019, the Polish warehouse market growth was relatively comparable with the previous year, albeit lower. Warehouse operators signed lease contracts for over 1.6 million m² of warehouse space, which means a 21% decline year on year. The areas enjoying the strongest popularity with tenants were the regions of Warsaw, Central Poland, Lower Silesia, Upper Silesia, and Poznań, which generated over a half of the total demand. Representatives of the three main sectors on the warehouse space market (logistics operators, retail networks and light manufacturing) accounted for 80% of net demand in the period under review. Interestingly, contract renewals accounted for about 35% of the total demand.

The average vacancy rate as at 30 June 2019 increased by 0.6 percentage point year on year, to 6.3%, but remained low. Rent rates in Poland were stable, within the range of EUR 2.5–3.9/m² per month on the main markets.

In H1 2019, nearly 1.1 million m² of new warehouse space was completed. As a result, Poland's total warehouse space resources reached 16.9 million m².

Source: *Polski powierzchni magazynowych w Polsce [Warehouse space market in Poland], H1 2019, JLL*

- **Germany**

In H1 2019, the volume of transactions on the German warehouse and logistics markets was 3.3 million m², down 9% compared with H1 2018. Approximately 63% of the demand was represented by new lease contracts, similarly to the previous year (down 2%). In the five largest markets, only 353,000 m² of modern warehouse space was delivered, of which only 15% was available at the time of construction completion.

The transaction volume in those five largest warehouse space markets was 847,000 m² (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich), a decrease of 20% year on year. Only in the Berlin region a 60% year-on-year growth in demand was reported.

In H1 2019, the highest monthly rates for warehouse space of 5,000 m² and more remained stable in the regions of Munich (EUR 7.10/m²), Berlin (EUR 5.50/m²) and Düsseldorf (EUR 5.40/m²). An increase was seen in the Frankfurt area (from EUR 6.00/m² to EUR 6.20/m²) and Hamburg area (from EUR 6.00/m² to EUR 6.30/m²).

In H1 2019, the volume of transactions in the other parts of Germany, outside the five largest markets, was 2.45 million m², which means a slight drop, of 4%. At the same time, demand exceeded the five-year average by 9%. The largest volume of transactions among the regional markets was recorded in the Ruhr area (343,000 m²).

Source: JLL, Logistics and Industrial Market Overview, Germany, 4th quarter 2019.

- **Romania**

The Romanian industrial and logistics space market exceeded 4 million m² this year. By mid-2019, approximately 240,000 m² of modern warehouse space was completed. The area enjoying the greatest interest from tenants was the Bucharest region, with a 75% share in domestic demand.

In H1 2019, the total demand reached approximately 113,000 m², up 33% year on year. Logistics companies had the largest share in new contracts, accounting for 78% of total demand.

The vacancy rate rose by some 0.9%, to 5.9%. Rent rates are stable, ranging from EUR 3.5/m² to EUR 4.0/m² monthly.

Another 380,000 m² of warehouse space is expected to be delivered to the market by the end of 2019.

Source: Romania Marketview H1 2019, CBRE.

3. Financial condition of the Group; management of financial resources

3.1 Key economic and financial data disclosed in the Group's consolidated financial statements for H1 2019

3.1.1 Selected financial data from the consolidated statement of financial position

Structure of the consolidated statement of financial position (selected material items):

	<i>as at</i>	30 June 2019	% share	31 December 2018	% share	Change (%)
ASSETS		1 912 063	100%	1 657 966	100%	15%
Non-current assets		1 716 438	90%	1 520 604	91%	13%
Including:						
Investment property		1 634 835	86%	1 443 171	86%	13%
Other long-term investments		76 917	5%	72 088	6%	7%
Current assets		195 625	10%	137 362	9%	42%
Including:						
Short-term investments		22 291	1%	22 291	2%	0%
Trade and other receivables		46 688	2%	57 754	2%	-19%
Other short-term investments		3 916	0%	10 551	0%	-63%
Cash and cash equivalents		122 537	6%	46 106	5%	166%

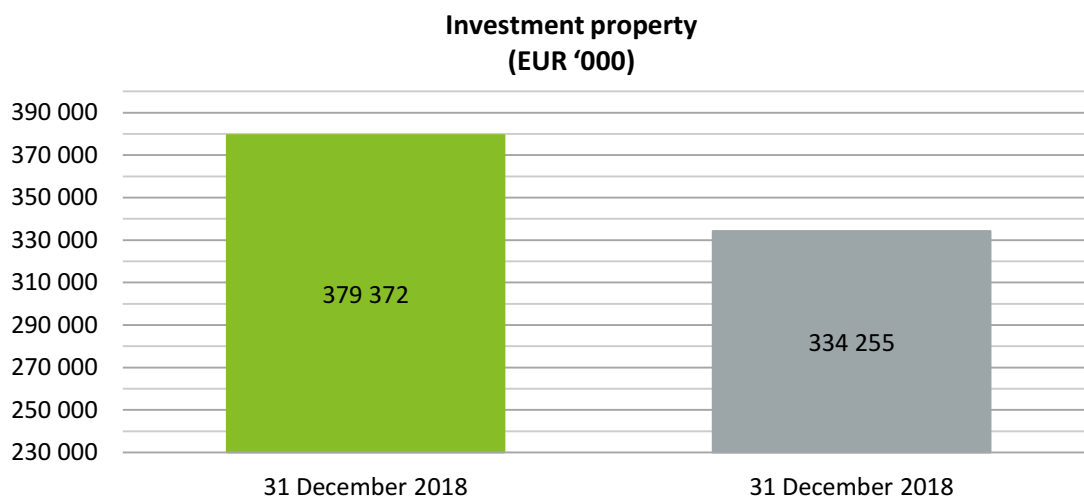
	<i>as at</i>	30 June 2019	% share	31 December 2018	% share	Change (%)
EQUITY AND LIABILITIES		1 912 063	100%	1 657 966	100%	15%
Total equity		877 214	46%	815 352	53%	8%
Non-current liabilities		936 048	49%	756 966	42%	24%
Including:						
Borrowings and other debt instruments, and other non-current liabilities		805 319	42%	637 492	35%	26%
Current liabilities		98 801	5%	85 648	5%	15%
Including:						
Borrowings and other debt instruments		21 768	1%	30 996	2%	-30%
Trade and other payables		75 052	4%	50 775	3%	48%

As at 30 June 2019, the Group's investment property, comprising logistics parks, continued as the key item of the Group's assets, accounting for 86% of the total. The largest items of equity and liabilities were borrowings and other debt instruments, and equity. As at 30 June 2019, equity accounted for 46%, and non-current liabilities comprising borrowings and other debt instruments and other liabilities represented 42% of total equity and liabilities. The increase in borrowings and other debt instruments, and other non-current and current liabilities was primarily attributable to the Group's EUR 93,900 thousand credit facility for the refinancing of existing loans, executed and disbursed in May 2019. As a result, debt under credit facilities grew by more than EUR 25m.

Investment property

	<i>as at</i>	30 June 2019	30 June 2019	31 December 2018	31 December 2018	Change
		[EUR '000]	[PLN '000]	[EUR '000]	[PLN '000]	[EUR '000]
MLP Pruszków I		88 750	377 365	81 860	351 997	6 890
MLP Pruszków II		118 480	503 777	107 393	461 790	11 087
MLP Poznań		32 470	138 062	30 974	133 188	1 496
MLP Lublin		29 150	123 946	20 581	88 498	8 569
MLP Teresin		16 790	71 391	16 280	70 004	510
MLP Gliwice		23 890	101 580	23 130	99 459	760
MLP Wrocław		20 730	88 144	19 766	84 994	964
MLP Czeladź		18 440	78 407	13 721	59 000	4 719
MLP Poznań West		10 310	43 838	7 450	32 035	2 860
MLP Unna		7 620	32 400	5 730	24 639	1 890
MLP Bucharest West		12 742	54 156	7 370	31 723	5 372
Valuation of the property portfolio		379 372	1 613 066	334 255	1 437 327	45 117

According to the valuations as at 30 June 2019, the total value of the Group's property portfolio was EUR 379,372 thousand (PLN 1,613,066 thousand), having increased by EUR 45,117 thousand on 31 December 2018. The change was mainly attributable to the completion of projects and delivery of approximately 55,000 m² of new space in 2019, as well as launch of new projects. In the case of the MLP Unna park (Germany), the valuation went up by PLN 1,890 thousand relative to 31 December 2018. In June 2018, the contract with Metro Group expired and the existing warehouse space was not leased out at the end of the year. In H1 2019, the Group entered into short-term lease contracts for space in the existing old buildings, scheduled to be demolished in 2021. The contract terms expire in 2020. A new project for L-Shop Team will be implemented within the MLP Unna park. In H1 2019, the Group and L-Shop Team signed a 15-year lease contract for a total leasable space of 56,000 m², to be delivered in 2022. MLP Unna is in the process of obtaining the building permit, which is expected to be received in Q4 2019 or Q1 2020.



Investments and other investments

	<i>as at</i> 30 June 2019	31 December 2018
Other long-term investments	26 767	22 295
Long-term loans	50 150	49 793
Short-term loans	22 291	22 291
Other short-term investments	3 916	10 551
Total investments and other investments	103 124	104 930

As at 30 June 2019, receivables under loans advanced decreased by PLN 357 thousand relative to the end of 2018.

Other long-term investments comprise long-term portion of restricted cash of PLN 26,767 thousand. This amount includes: (i) cash of PLN 15,549 thousand that was earmarked, in accordance with the terms of credit facility agreements, to secure repayment of principal and interest, (ii) PLN 3,297 thousand representing a retained security deposit from a tenant placed as a term deposit, (iii) as well as other retained security deposits of PLN 7,921 thousand.

Other short-term investments include short-term portion of restricted cash of PLN 3,916 thousand. This amount includes: (i) short-term portion of retained security deposits of PLN 2,228 thousand, and (ii) short-term portion of cash earmarked in accordance with the terms of credit facility agreements of PLN 1,688 thousand.

Cash

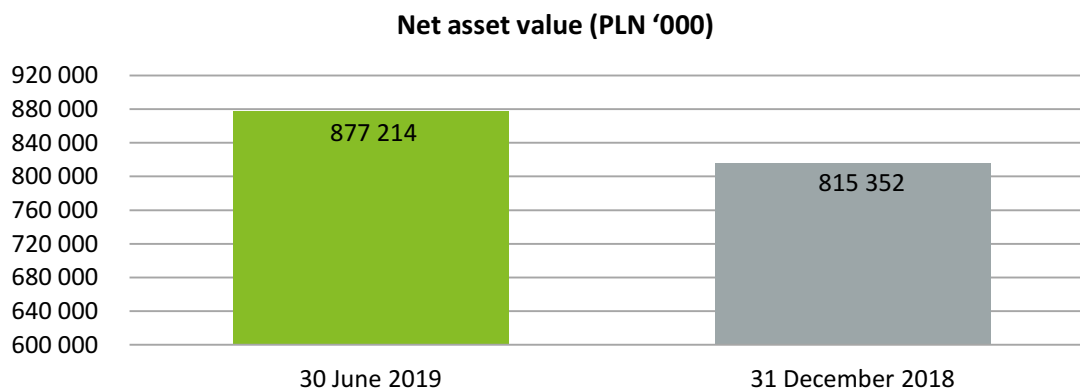
	<i>as at</i>	30 June 2019	31 December 2018
Cash in hand		71	61
Cash at banks		120 161	41 654
Short-term deposits		2 305	4 391
Cash and cash equivalents in the consolidated statement of financial position		122 537	46 106
Cash and cash equivalents in the consolidated statement of cash flows		122 537	46 106

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and bank deposits with original maturities of up to three months.

As at 30 June 2019, the balance of cash was PLN 122,537 thousand, up PLN 76,431 thousand on 31 December 2018. The increase was due mainly to proceeds from borrowings.

Equity

- **Net assets (NAV)**



The net asset value as at 30 June 2019 was PLN 877,214 thousand, up by PLN 61,862 thousand (7.59%).

The higher NAV was due mainly to net profit of PLN 69,164 thousand earned in H1 2019, and measurement of hedging instruments recognised in other comprehensive income.

• Share capital

	<i>as at</i>	30 June 2019	31 December 2018
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 per share		0,25 zł	0,25 zł

As at 30 June 2019, the Parent's share capital amounted to PLN 4,528,313.75 and was divided into 18,113.255 shares conferring 18,113,225 voting rights at the General Meeting. All the shares have a par value of PLN 0.25 and have been fully paid up.

Liabilities under borrowings and other debt instruments, and other liabilities

	<i>as at</i>	30 June 2019	31 December 2018
Borrowings secured over the Group's assets		582 717	433 592
Bonds		127 560	129 000
Liabilities under non-bank borrowings		50 445	50 075
Total non-current liabilities under borrowings and other debt instruments		760 722	612 667
Finance lease liabilities		21 142	5 256
Liabilities from measurement of interest rate hedges		9 764	5 215
Performance bonds, security deposits from tenants and other deposits		13 691	14 354
Total other non-current liabilities		44 597	24 825
Short-term bank borrowings and short-term portion of bank borrowings secured over the Group's assets		21 248	30 482
Bonds		520	514
Liabilities under non-bank borrowings		-	-
Liabilities from measurement of interest rate hedges		-	-
Total current liabilities under borrowings and other debt instruments, and other current liabilities		21 768	30 996
Liabilities under borrowings and other debt instruments, and other liabilities		827 087	668 488

Liabilities under borrowings and other debt instruments have a material share in the Group's equity and liabilities, with borrowings representing the main source of funding for the expansion of the Group's logistics parks.

The key driver of growth in liabilities under borrowings, other debt instruments, and other liabilities was the amount of credit facilities received. In H1 2019, new credit facilities were disbursed at the subsidiaries MLP Gliwice Sp. z o.o. and MLP Czeladź Sp. z o.o. Three companies: MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o., and MLP Pruszków IV Sp. z o.o. entered into a credit facility agreement with ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. The proceeds were used to refinance existing credit facilities and finance investment projects.

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

Consolidated statement of profit or loss for H1 2019 vs H1 2018

	6 months ended 30 June		2018 (restated)		Change (%)
	2019	% of sales	2018	% of sales	
Revenue	67 470	100%	64 782	100%	4%
<i>including:</i>					
<i>Revenue from property development contract concluded by MLP Bieruń Sp. z o.o.</i>	1 360	2%	6 272	10%	-
Other income	1 076	2%	894	1%	20%
Distribution costs and administrative expenses	(39 086)	58%	(33 578)	52%	16%
<i>including:</i>					
<i>Costs related to property development contract concluded by MLP Bieruń Sp. z o.o.</i>	(649)	1%	(3 927)	-6%	-
Other expenses	(975)	1%	(2 342)	4%	-58%
Operating profit before gain/(loss) on valuation of investment property	28 485	42%	29 756	46%	-4%
Gain on revaluation of investment property	64 841	96%	41 802	65%	55%
Operating profit	93 326	138%	71 558	110%	30%
Net finance costs	(6 295)	9%	(27 184)	42%	-77%
Profit before tax	87 031	129%	44 374	68%	96%
Income tax	(17 867)	26%	(12 892)	20%	39%
Net profit	69 164	103%	31 482	49%	120%

	6 months ended 30 June	
	2019	2018
Earnings per share:		
- Basic earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent	3,82	1,74
- Diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent	3,82	1,74

Structure of the Group's sales

	6 months ended 30 June	2019	2018 (restated)	change (%)
Rental income from investment property		38 663	35 260	9,7%
Recharge of service charges		12 308	9 820	25,3%
Recharge of utility costs		14 428	12 532	15,1%
Other revenue		711	899	-20,9%
Revenue from development contract concluded by MLP Bieruń Sp. z o.o.		1 360	6 272	-78,3%
Total revenue		67 470	64 783	4,1%

Rental income is the main source of the Group's revenue. In H1 2019, rental income was PLN 38,662 thousand, having increased by 9.6% year on year. The key drivers of the increase of PLN 3,402 thousand were as follows: (i) in H1 2019, the new buildings delivered to tenants in Q3 and Q4 of 2018, with a total leased area of 49,938 m², generated revenue over the full six months; (ii) in May 2019, new buildings with a total area of 14,229 m² were delivered to tenants (in the MLP Lublin and MLP Pruszków II2 parks). The increase in revenue resulting from the larger leased space volumes was adjusted by the following factors: (i) in H1 2018, rental income from the Metro Group's lease contract at MLP Unna was recognised (effect on rental income in H1 2018: PLN 2,684 thousand), but the tenant terminated the lease at the end of June 2018 and in H1 2019 new short-term lease contracts were signed for a part of the existing buildings, generating PLN 860 thousand in revenue, which means a decrease of PLN 1,824 thousand year on year. The short-term contracts will expire in 2020; they were signed for lease of space in the existing old buildings, scheduled to be demolished in 2021. A new project for L-Shop Team will be constructed on the MLP Unna site. In 2019, the Group and L-Shop Team signed a 15-year lease contract for a total leasable space of 56,000 m², to be delivered in 2022. (iv) in addition, revenue at MLP Pruszków I declined by PLN 1,309 thousand. The temporary drop in revenue was due mainly to the re-allocation of two tenants, leasing a total area of more than 13,000 m², from MLP Pruszków I to the MLP Pruszków II park, as they required much larger space for their operations. The space left by the two tenants was leased out to new customers, who commenced payments in Q2 2019. The space had been unoccupied for six months, and required refurbishment and maintenance work. The decline in revenue was also owing to a slight correction of rent rates, caused by a substantial extension of the lease terms and a change in the designated use of the leased space, which additionally contributes to long-term operational safety.

Income from recharge of service charges and utility costs is another major type of revenue from the Group's core business. In H1 2019, those items grew year on year: by 25.3% and 15.1%, respectively. The main growth factor was the larger leased space volume.

The Group also recognises revenue from the property development contract concluded by MLP Bieruń Sp. z o.o. In H1 2019, PLN 1,360 thousand was reported, compared with PLN 6,272 thousand in the corresponding period of 2018. The revenue was recognised based on the proportion of construction costs incurred (which are recognised under services). The project was completed in March 2019.

Structure of the Group's expenses

	6 months ended 30 June	2019	2018 (restated)	change (%)
Property maintenance costs, including:		29 794	23 760	25,4%
- Electricity and other utilities		13 687	10 450	31,0%
- Property tax and other property-related charges		8 361	6 654	25,7%
- Property maintenance services		2 297	2 427	-5,4%
- Improvements for tenants and repairs		2 148	1 782	20,5%
- Cleaning and security services		2 269	1 810	25,4%
- Other		1 032	637	62,0%
Distribution costs and administrative expenses, including:		9 292	9 818	-5,4%
- Administrative expenses – services		4 562	3 255	40,2%
- Distribution costs – services		1 673	1 308	27,9%
- Property development contract – services		649	3 927	-83,5%
- Wages and salaries and other costs		1 972	1 227	60,7%
- Depreciation and amortisation		436	101	331,7%
Total expenses		39 086	33 578	16,4%

Given the nature of the Group's operations, the largest cost items were maintenance costs, which were reported at PLN 29,794 thousand in H1 2019, up PLN 6,034 thousand relative to the comparative period in 2018. The increase was mainly attributable to: (i) a year-on-year growth in the cost of electricity (up PLN 2,134 thousand), attributable to a general energy prices growth in Poland, driven by the government's energy policy; (ii) postponement of the recharge of a portion (PLN 800 thousand) of utility costs to tenants to Q3 2019; (iii) a PLN 1,422 thousand increase in the cost of property tax after the tax was charged on buildings completed in 2018, with a total area of 78,000 m², as well as an increase in the value of structures auxiliary to the new buildings, which have also been subject to property tax since 1 January 2019.

Distribution costs and administrative expenses amounted to PLN 9,292 thousand in H1 2019, down PLN 526 thousand year on year.

Administrative expenses comprise the costs of a broad range of services, including consultancy and advisory, legal, tax, audit, and specialist services (e.g. project monitoring), necessary to obtain credit facilities from banks, as well as other costs of external financing (other than fees and commissions).

In H1 2019, the Group disclosed net finance costs of PLN 12,989 thousand. The appreciation of the Polish currency against the euro as at 30 June 2019 relative to 31 December 2018 resulted in foreign exchange gains of PLN 6,100 thousand; in H1 2018 the Group reported foreign exchange losses of PLN 18,734 thousand. In H1 2019, the Group concluded a credit facility agreement to refinance its existing credit facilities. In this connection, interest rate hedges were settled, and the Group reported PLN 6,747 thousand on payment of interest under IRS contracts. This means an increase of PLN 5,694 thousand relative to the corresponding period in 2018.

In H1 2019, the Group recognised a gain on revaluation of investment property of PLN 64,841 thousand (H1 2018: gain of PLN 41,802 thousand). The gain in H1 2019 was partly due to completion of projects and delivery of new space with an area of 44,620 m² to tenants.

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

	6 months ended 30 June	2019	2018
Net cash from operating activities		42 765	20 198
Net cash from investing activities		(101 758)	(103 014)
Net cash from financing activities		134 695	119 853
Total net cash flows		75 702	37 037
Cash at beginning of period		46 106	64 827
Effect of exchange differences on cash and cash equivalents		729	1 235
Cash and cash equivalents at end of period		122 537	103 099

In 2019, the Group reported positive operating cash flows of PLN 42,765 thousand, a decrease of PLN 22,567 thousand on 2018.

The amount of operating cash flows in H1 2019 resulted from the receipt of a cash payment (PLN 24,782 thousand) related to a project executed for the tenant Auto Partner S.A. under the property development contract concluded by MLP Bieruń Sp. z o.o. In connection with Stage 2 of the Auto Partner contract, in 2018 the Group reported expenditure of PLN 15,835 thousand, financed from the Group's own funds. Proceeds from the sale of the project were recognised in the first quarter of 2019.

In H1 2019, the Group reported negative cash flows from investment activities in the amount of PLN 101,758 thousand. In H1 2018, net cash flows from investing activities were negative, at PLN 103,014 thousand, and were attributable to the Group's investment programme. The largest expenditures incurred by the Group were outlays on the development of logistics parks in Poland.

In H1 2019, the Group's cash flows from financing activities were positive, at PLN 134,695 thousand. The excess of cash inflows over outflows was mainly attributable to proceeds under agreements concluded by Group companies. The largest amounts of proceeds were received under the credit facility agreement concluded by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Pruszków IV Sp. z o.o. and ING Bank Śląski S.A. of Katowice, Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw, and Industrial and Commercial Bank of China (Europe) S.A.

3. 2 Management Board's position on published forecasts

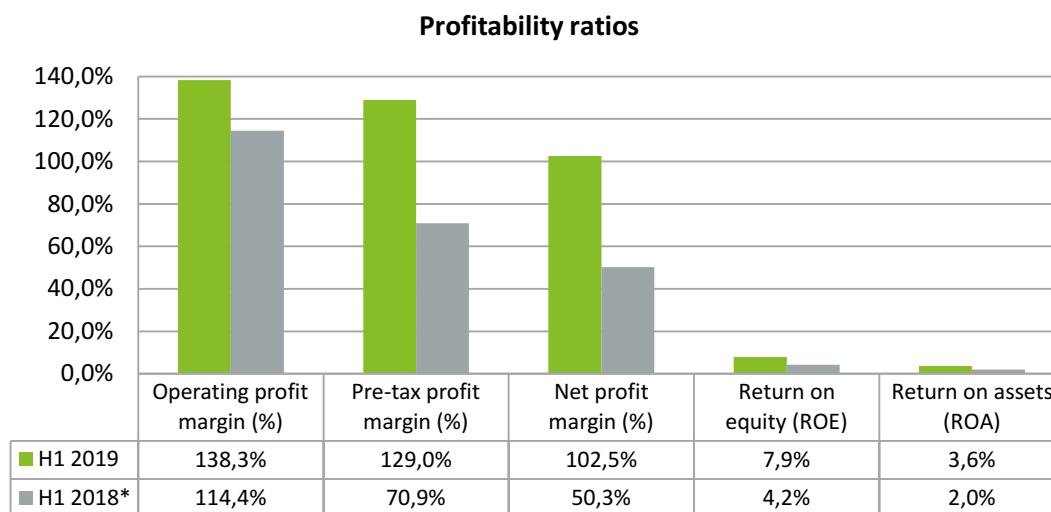
The Management Board of MLP Group S.A. has not published any financial forecasts for 2019.

3. 3 Management of the Group's financial resources

In H1 2019, in connection with its investment projects involving construction of warehouse and office space, the Group's financial resources management efforts were mainly focused on securing and appropriately structuring the financing sources, and on maintaining safe liquidity ratios. The Management Board analyses and plans the Group's financing structure on an ongoing basis to deliver the budgeted ratios and financial results while ensuring that the Group's liquidity and wider financial security are maintained.

The Management Board believes that as at 30 June 2019 the Group's assets and financial position were stable, thanks to the Group's well-established position on the warehouse space market, combined with the relevant experience and operational capabilities in managing property development projects and leasing commercial space. Further in this report the Group's financial condition and assets are discussed in the context of the liquidity and debt ratios.

3. 3.1 Profitability ratios



The profitability analysis is based on the following ratios:

- **operating profit margin:** operating profit/(loss) / revenue;
- **pre-tax 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.

* Restated.

In 2019, the operating profit margin improved year on year, with the main contributing factors being the higher EUR/PLN exchange rate (up 1.9% in H1 2019), and completion of projects with an area of 56,000 m² in H1 2019. All of the above contributed to the gain on revaluation of investment property reported in H1 2019 (PLN 64,841 thousand), which in turn drove net profit growth.

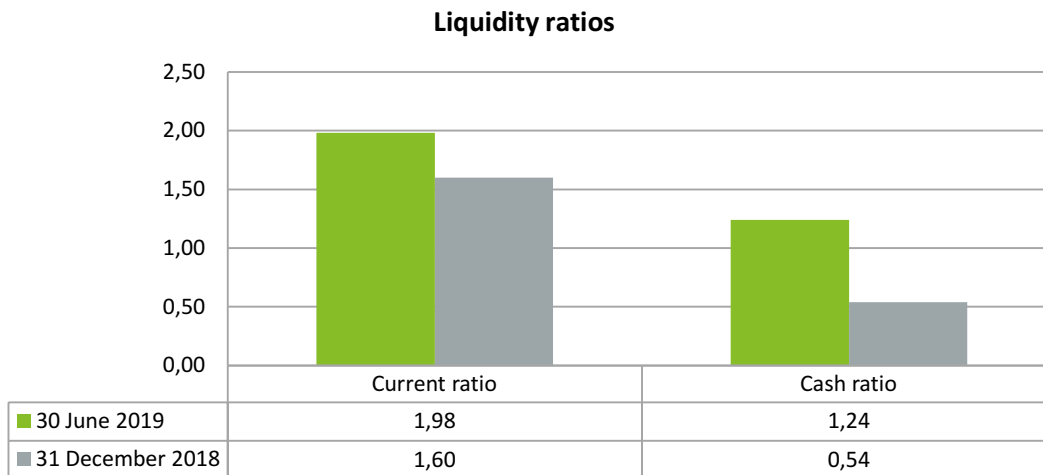
In H1 2019, the pre-tax profit margin was 129.0%, having grown by 129.0 pp, chiefly on the strong year-on-year rise of profit before tax.

The net profit margin increased by 52.2 pp year on year, to 102.5% in H1 2019, evidencing the Group's strong financial position.

Return on equity in H1 2019 was higher than in the corresponding period of 2018 (up 3.7 pp), driven mainly by a 46.3% year-on-year growth in net profit.

Return on assets increased slightly year on year, by 1.6 pp.

3. 3.2 Liquidity ratios



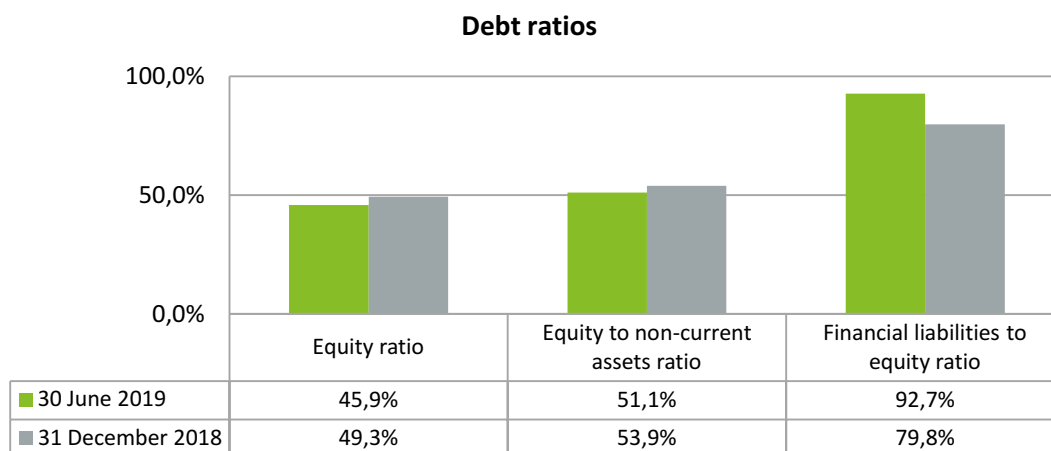
The liquidity analysis is based on the following ratios:

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

The current ratio as at 30 June 2019 fell on year-end 2018 by 0.38 pp.

The cash ratio as at 30 June 2019 increased relative to the end of 2018 by 0.70 pp. The increase was due mainly to proceeds from borrowings.

3. 3.3 Debt ratios



The debt analysis is based on the following ratios:

- **equity ratio:** total equity / total assets;
- **equity to non-current assets ratio:** total equity / non-current assets;
- **financial liabilities to equity ratio:** financial liabilities¹⁾ / total equity.

¹⁾ Financial liabilities include non-current and current liabilities under borrowings and other debt instruments, as well as finance lease liabilities and liabilities on measurement of swap transactions.

In H1 2019, the equity ratio fell by 3.4 pp, mainly due to a 15.1% year-on-year increase in total assets relative to 31 December 2018, attributable to higher value of investment property. The equity to non-current assets ratio also fell, by 2.8 pp. On the other hand, the interest-bearing debt-to-equity ratio went up by 12.9 pp as a result of the new funds borrowed by the Group under new credit facilities, which increased the liabilities amount, and the effect of disclosure of perpetual usufruct of land in accordance with IFRS 16.

In accordance with the terms and conditions of Series A and Series B bonds, the equity ratio may not be less than 35%.

3.4 Borrowings, bonds, sureties and guarantees

3.4.1 New and terminated non-bank borrowings

In H1 2019, the Group did not take out any new non-bank borrowings.

In H1 2019, the Group repaid the following non-bank borrowings and interest:

Borrower	Lender	Agreement date	Amount of principal repaid	Interest paid
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	1998-05-25	114 344 USD	3 017 USD
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2009-06-22	166 000 PLN	0 PLN
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2009-01-13	0 PLN	10 576 PLN
MLP Poznań Sp. z o.o.	Fenix Polska Sp. z o.o.	2013-03-28	1 608 262 EUR	133 285 EUR
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2009-09-08	0 PLN	6 988 PLN

In H1 2019, no loan agreements with non-bank lenders were terminated.

3.4.2 New and terminated bank borrowings

- **New credit facility agreements in 2019**

On 14 December 2018, MLP Czeladź Sp. z o.o. executed a credit facility agreement with PKO BP S.A. The facility was disbursed in February 2019.

On 9 May 2019, the following three Group companies: MLP Pruszków I Sp. z o.o. of Pruszków, MLP Pruszków III Sp. z o.o. of Pruszków and MLP Pruszków IV Sp. z o.o. of Pruszków (the "Borrowers"), executed a credit facility agreement with ING Bank Śląski S.A. of Katowice, Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw and Industrial and Commercial Bank of China (Europe) S.A. Polish Branch of Warsaw (the "Banks"). The facility amount is EUR 93,930,000.00, and the funds will be used to refinance the Borrowers' existing loans and to fund the Group's investment projects. The agreement provides that the principal will be repaid in equal instalments. The term of the agreement is six years from the signing date.

- **Repayment of bank borrowings in 2019**

For reasons beyond the control of MLP Teresin Sp. z o.o., there was a temporary breach of covenants to maintain certain financial ratios tested by the lending bank (Pekao S.A.). The company obtained the bank's waiver of the covenants. The waiver was obtained in the second quarter of 2019, and therefore as at 31 March 2019 the outstanding facility amount was disclosed as a current liability; as at 30 June 2019 it was presented consistently with the facility repayment schedule.

In 2019, the Group repaid its bank borrowings in accordance with the agreed repayment schedules.

No credit facility agreements were terminated in H1 2019.

3. 4.3 Bonds

There were no new bond issues in H1 2019.

3. 4.4 Loans advanced

In H1 2019, the Group did not grant any new loans.

3. 4.5 Sureties issued and received

As at 30 June 2019, the Group did not issue any sureties.

3. 4.6 Guarantees provided and received

As at 30 June 2019, the Group did not provide any guarantees.

3. 5 Feasibility of investment plans

The Group has adequate capital resources to meet its strategic objectives and finance its day-to-day operations.

The Group finances its investments (both acquisitions of new properties as well as extension of the existing logistics parks) with the Group's own resources and long-term borrowings, including credit facilities, non-bank borrowings and issues of commercial paper.

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

3. 6 Non-recurring factors and events with a bearing on the consolidated financial result for the six months ended 30 June 2019

In H1 2019, there were no non-recurring factors or events that would have a material effect on the consolidated profit or loss for the financial period.

3. 7 Issue, redemption and repayment of non-equity and equity securities

On 11 May 2018, the Company issued, by way of private placement, 10,000 Series B bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 10,000,000. For more information, see Note 3.4.3.

3. 8 Material achievements and failures in the six months ended 30 June 2019

There were no material achievements or failures other than those described in this Management Board's report on the activities of the MLP Group S.A. Group.

3. 9 Seasonality and cyclical

The Group's business is not seasonal or cyclical.

4. Representation of the Management Board

We represent that, to the best of our knowledge, the interim condensed consolidated and separate financial statements and the comparative data have been prepared in accordance with the applicable accounting policies and give a true, fair and clear view of the assets, financial position and results of the Company and the Group.

We further represent that this half-year Management Board's report on the activities of the MLP Group S.A. Group presents a true view of the development, achievements and condition of the Company and the Group, including a description of key threats and risks.

We represent that the qualified auditor of the financial statements who reviewed the interim condensed consolidated financial statements and the separate financial statements for the period from 1 January to 30 June 2019, namely PWC Polska Sp. z o.o. Audyt Sp.k., was appointed in accordance with the applicable laws.

We further represent that both the auditing firm and the auditor who performed the review met the conditions required to issue an impartial and independent report from the review of the interim condensed consolidated financial statements and the interim condensed separate financial statements, in accordance with the applicable provisions of law and professional standards.

Radosław T. Krochta
President of the Management

Michael Shapiro
*Vice President of the
Management Board*

Tomasz Zabost
Member of the

Pruszków, 23 June 2019