



MLP
GROUP



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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

Average exchange rates of the Polish zloty against the euro during the reporting period:

	30 June 2020	31 December 2019	30 June 2019
Average mid exchange rate during the reporting period*	4,4413	4,3018	4,2880
Mid exchange rate on the last day of the reporting period	4,4660	4,2585	4,2520

*Arithmetic mean of the average exchange rates effective as at 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 2020		31 December 2019	
	PLN '000 (unaudited)	EUR '000 (unaudited)	PLN '000	EUR '000
Non-current assets	2 193 048	491 054	1 838 209	431 656
Current assets	176 282	39 472	235 918	55 399
Total assets	2 369 330	530 526	2 074 127	487 055
Non-current liabilities	1 219 122	272 979	971 135	228 046
Current liabilities	98 154	21 978	164 437	38 614
Equity, including:	1 052 054	235 569	938 555	220 395
Share capital	4 529	1 014	4 529	1 063
Total equity and liabilities	2 369 330	530 526	2 074 127	487 055
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)	58,08	13,01	51,82	12,17

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.

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

<i>for the six months ended 30 June</i>	2020		2019	
	PLN '000 (unaudited)	EUR '000 (unaudited)	PLN '000 (unaudited)	EUR '000 (unaudited)
Revenue	84 174	18 953	67 470	15 735
Other income	539	121	1 076	251
Gain on revaluation of investment property	151 703	34 157	64 841	15 122
Distribution costs and administrative expenses	(40 985)	(9 228)	(39 086)	(9 115)
Operating profit	194 707	43 840	93 326	21 764
Profit before tax	150 555	33 899	87 031	20 296
Net profit	121 049	27 255	69 164	16 130
Total comprehensive income	117 484	26 453	61 862	14 427
Net profit attributable to owners of the Parent	121 049	27 255	69 164	16 130
Earnings per share and diluted earnings per share attributable to owners of the Parent (PLN)	6,68	1,50	3,82	0,89

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 the six months ended 30 June</i>	2020		2019	
	PLN '000 (unaudited)	EUR '000 (unaudited)	PLN '000 (unaudited)	EUR '000 (unaudited)
Net cash from operating activities	38 592	8 689	42 765	9 973
Cash from investing activities	(203 398)	(45 797)	(101 758)	(23 731)
Cash from financing activities	158 736	35 741	134 695	31 412
Total cash flows	(6 070)	(1 367)	75 702	17 654

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 2020		31 December 2019	
	PLN '000 (unaudited)	EUR '000 (unaudited)	PLN '000	EUR '000
Cash at beginning of period	102 046	23 963	46 106	10 722
Cash at end of period	102 719	23 000	102 046	23 963

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 2018 was 4.3.



MLP Group S.A. **Group**

**Interim condensed
consolidated financial statements**

for the six months ended 30 June 2020
prepared in accordance with EU IFRS

II. Interim condensed consolidated financial statements

Authorisation of the interim condensed consolidated financial statements

On 25 August 2020, the Management Board of the Parent 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 2020 to 30 June 2020.

These interim consolidated financial statements for the period from 1 January 2020 to 30 June 2020 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 2020 to 30 June 2020, showing a net profit of PLN 121,049 thousand.
2. Condensed consolidated statement of financial position as at 30 June 2020, showing total assets and total equity and liabilities of PLN 2,369,330 thousand.
3. Condensed consolidated statement of cash flows for the period from 1 January 2020 to 30 June 2020, showing a net increase in cash of PLN 673 thousand.
4. Condensed statement of changes in consolidated equity for the period from 1 January 2020 to 30 June 2020, showing an increase in consolidated equity of PLN 113,499 thousand.
5. Notes to the condensed 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 the for the six months ended 30 June</i>	6 months ended 2020 <i>(unaudited)</i>	3 months ended 2020 <i>(unaudited)</i>	6 months ended 2019 <i>(unaudited)</i>	3 months ended 2019 <i>(unaudited)</i>
	Note				
Revenue	4	84 174	41 404	67 470	32 668
Other income	5	539	225	1 076	713
Gain on revaluation of investment property	10	151 703	(19 847)	64 841	56 021
Distribution costs and administrative expenses	7	(40 985)	(18 818)	(39 086)	(19 147)
Other expenses	6	(724)	(152)	(975)	66
Operating profit		194 707	2 812	93 326	70 321
Finance income	8	1 655	163	6 694	6 417
Finance costs	8	(45 807)	9 959	(12 989)	(6 648)
Net finance (costs)		(44 152)	10 122	(6 295)	(231)
Profit before tax		150 555	12 934	87 031	70 090
Income tax	9	(29 506)	(4 485)	(17 867)	(13 854)
Net profit		121 049	8 449	69 164	56 236
Other comprehensive income					
Exchange differences on translation of foreign operations		1 041	(1 841)	(392)	(141)
Effective portion of changes in fair value of cash flow hedges		(5 687)	(2 215)	(8 531)	(7 818)
Income tax on other comprehensive income		1 081	421	1 621	1 486
Other comprehensive income, net		(3 565)	(3 635)	(7 302)	(6 473)
Total comprehensive income		117 484	4 814	61 862	49 763
Net profit attributable to:					
Owners of the Parent		121 049	8 449	69 164	56 236
Net profit		121 049	8 449	69 164	56 236
Comprehensive income attributable to:					
Owners of the Parent		117 484	4 814	61 862	49 763
Total comprehensive income		117 484	4 814	61 862	49 763
Earnings per share					
	17				
- Basic and diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent		6,68	0,46	3,82	3,11

Condensed consolidated statement of financial position

	<i>as at</i> Note	30 June 2020 <i>(unaudited)</i>	31 December 2019
Non-current assets			
Property, plant and equipment		1 583	1 520
Intangible assets		195	126
Prepayments for intangible assets		35	-
Investment property	10	2 163 847	1 809 850
Other long-term investments	12	25 253	23 826
Other non-current assets		843	392
Deferred tax assets	11	1 292	2 495
Total non-current assets		2 193 048	1 838 209
Current assets			
Inventories		81	48
Short-term investments	12	23 522	63 688
Income tax receivable	13	1 543	234
Trade and other receivables	13	46 125	67 128
Other short-term investments	12	2 292	2 774
Cash and cash equivalents	14	102 719	102 046
Total current assets		176 282	235 918
TOTAL ASSETS		2 369 330	2 074 127
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	154 575
Cash flow hedge reserve		(11 289)	(6 683)
Translation reserve		441	(628)
Retained earnings		748 997	631 961
Total equity		1 052 054	938 555
Non-current liabilities			
Borrowings and other debt instruments	18.1	991 790	780 493
Deferred tax liability	11	168 956	145 290
Other non-current liabilities	18.1	58 376	45 352
Total non-current liabilities		1 219 122	971 135
Current liabilities			
Borrowings and other debt instruments	18.2	39 790	54 429
Other current liabilities	18.2	54	105
Employee benefit obligations	19	157	1 135
Income tax payable	20	2 217	222
Trade and other payables	20	55 936	108 546
Total current liabilities		98 154	164 437
Total liabilities		1 317 276	1 135 572
TOTAL EQUITY AND LIABILITIES		2 369 330	2 074 127

Condensed consolidated statement of cash flows

	<i>for the six months ended 30 June</i>	Note	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before tax			150 555	87 031
<i>Total adjustments:</i>				
Depreciation and amortisation			390	436
Change in fair value of investment properties			(151 703)	(64 841)
Net interest			11 091	9 750
Exchange differences			34 150	(7 992)
Other			(211)	(1 798)
Change in receivables		15.2	16 985	11 185
Change in current and other liabilities		15.3	(19 795)	14 475
Cash from operating activities			41 462	48 246
Income tax paid			(2 870)	(5 481)
Net cash from operating activities			38 592	42 765
Cash flows from investing activities				
Loans		15.1	(50)	-
Purchase of investment property, property, plant and equipment and intangible assets			(202 365)	(103 921)
Other cash used in investing activities			(1 465)	(4 472)
Other cash from investing activities			482	6 635
Cash from investing activities			(203 398)	(101 758)
Cash flows from financing activities				
Increase in borrowings		15.1	51 782	439 211
Repayment of borrowings		15.1	(11 369)	(290 778)
Issue of debt securities			128 142	-
Interest paid			(9 819)	(13 738)
Cash from financing activities			158 736	134 695
Total cash flows			(6 070)	75 702
Cash and cash equivalents at beginning of period		14	102 046	46 106
Effect of exchange differences on cash and cash equivalents			6 743	729
Cash and cash equivalents at end of period		14	102 719	122 537

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 2019	4 529	83 680	71 121	153 963	(1 098)	(70)	503 227	815 352
Comprehensive income:								
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
Distribution of net profit*	-	-	-	612	-	-	(612)	-
Equity as at 30 June 2019*	4 529	83 680	71 121	154 575	(8 008)	(443)	571 760	877 214
Equity as at 1 January 2020	4 529	83 680	71 121	154 575	(6 683)	(628)	631 961	938 555
Comprehensive income:								
Net profit/(loss)*	-	-	-	-	-	-	121 049	121 049
Total other comprehensive income*	-	-	-	-	(4 606)	1 069	(28)	(3 565)
Comprehensive income for the period ended 30 June 2020*	-	-	-	-	(4 606)	1 069	121 021	117 484
Distribution of net profit for 2019*	-	-	-	-	-	-	(3 985)	(3 985)
Equity as at 30 June 2020*	4 529	83 680	71 121	154 575	(11 289)	441	748 997	1 052 054

* 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 Warsaw 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 interim 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 41 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 2020, the Group consisted of the following entities:

Entity	Country of registration	Parent's direct and indirect interest in share capital		Parent's direct and indirect interest in voting rights	
		30 June	31 December	30 June	31 December
		2020	2019	2020	2019
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 Business Park Berlin I LP Sp. z o.o. (formerly 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%
MLP Wrocław West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Business Park Berlin I GP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź II sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań East sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal LP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal GP sp. z o.o.	Poland	100%	100%	100%	100%

Entity	Country of registration	Parent's direct and indirect interest in share capital		Parent's direct and indirect interest in voting rights	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		MLP Property I Sp. z o.o.	Poland	100%	100%
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Schwalmtal Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%

1. 3 Changes in the Group

In the six months ended 30 June 2020, 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 2020 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 no changes in direct or indirect holdings of 5% or more of total voting rights in the Company, and as at the end of the reporting period the holdings were:

Shareholder	Number of shares and voting rights	% interest in equity and voting rights
CAJAMARCA Holland BV	10 319 842	56,98%
Other shareholders	1 833 620	10,12%
THESINGER LIMITED	1 771 320	9,78%
MetLife OFE	1 679 502	9,27%
Aegon Powszechnie Towarzystwo Emerytalne S.A.	1 166 133	6,44%
GRACECUP TRADING LIMITED	641 558	3,54%
MIRO B.V.	452 955	2,50%
Shimshon Marfogel	149 155	0,82%
MIRO LTD.	99 170	0,55%
Total	18 113 255	100,00%

1. 4. 2 Shares and rights to shares of the Parent 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 17.30% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro is the beneficial owner of a 16.75% 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 condensed 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 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 which were not yet effective as at the reporting date

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet and the Group has not elected to adopt them early:

- Amendments to IFRS 3 Business Combinations – the amendments to IFRS 3 include a change in the definition of 'business'. Under the amended standard, the scope of the definition is narrower and will probably increase the proportion of acquisitions classified as asset acquisitions. Amendments to IFRS 3 are effective for annual periods beginning on or after 1 January 2020. As at the date of these financial statements, the amendments have not been endorsed by the European Union.
- IFRS 17 Insurance Contracts – effective for annual periods beginning on or after 1 January 2021. New IFRS 17 Insurance Contracts will replace existing IFRS 4, which provides for a variety of practices in accounting for insurance contracts. IFRS 17 will substantially change accounting policies of all entities that deal with insurance contracts and investment agreements.
- Amendments to the IFRS Conceptual Framework – in 2019, amendments were published to the IFRS Conceptual Framework, which will apply as of 1 January 2020. The revised Conceptual Framework will be used by the Council and the Interpretation Committee in the future during the work on new standards. However, entities preparing financial statements may use the Conceptual Framework to develop their accounting policies for transactions which have not been covered by the IFRSs currently in effect.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, in Changes Accounting Estimates and Errors – the Board published a new definition of 'materiality'. The amendments to IAS 1 and IAS 8 clarify the definition of 'materiality' and improve the standards' consistency, but are not expected to have a material effect on the preparation of financial statements. The is amendment mandatory for annual periods beginning on or after 1 January 2020.
- Amendments to IAS 1 Presentation of Financial Statements – the amendments clarify the of presentation non-current and current liabilities. The amendments are effective for financial statements for periods beginning on or after 1 January 2020. As at the date of these consolidated financial statements, this amendment has not yet been endorsed by the European Union.

- Amendments to IFRS 9, IAS 39 and IFRS 7 related to IBOR reform – issued in 2019, amend certain specific hedge accounting requirements, mainly to ensure that the interest rate benchmark reform (IBOR reform) does not generally result in hedge accounting being terminated. The amendments are effective for annual periods beginning on or after 1 January 2020.
- Amendments to IAS 1 Presentation of Financial Statements – the Board has published amendments to IAS 1 to clarify the presentation of non-current and current liabilities. The amendments are effective for financial statements for periods beginning on or after 1 January 2020. As at the date of preparation of these financial statements, the amendments have not been endorsed by the European Union.
- IFRS 14 Regulatory Deferral Accounts The standard permits an entity which is a first-time adopter of IFRS (on or after 1 January 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such activities, in accordance with IFRS 14 amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income. The European Union has decided not to endorse IFRS 14.
- Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The amendments were issued on 11 September 2014. As at the date of preparation of these financial statements, endorsement of the amendments has been postponed by the European Union.

“The effective dates are set in the text of the standards issued by the International Accounting Standards Board. The effective dates of the standards for application in the European Union may differ from those specified in the text of the standards and are announced on endorsement of a standard by the European Union.

The Group has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

The Group is currently analysing the effect of these amendments on its financial statements.

The impact of the amended and new standards on the Group's future consolidated financial statements is discussed in Note 2.2 to the full-year consolidated financial statements for 2019.

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 full-year consolidated financial statements for 2019.

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**

In these interim consolidated financial statements all amounts are 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 the consolidated financial statements. The functional currencies of consolidated foreign entities are the euro (Germany) and the Romanian leu (Romania).

2.4.2 **Rules applied to translate financial data**

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

Consolidated statement of financial position:

	30 June 2020	31 December 2019	30 June 2019
EUR	4,4660	4,2585	4,2520
USD	3,9806	3,7977	3,7336

2.5 **Use of estimates and judgements**

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 full-year consolidated financial statements for 2019.

The preparation of consolidated financial statements in accordance with IAS 34 requires that the Management Board makes 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 2020 and in the reporting period then ended, the Group had three geographical segments – Poland, Germany and Romania.

Operating segments

<i>for the six months ended 30 June</i>	2020*				Total
	Poland	Germany	Romania	Intersegment eliminations	
Revenue					
Sales to external customers	80 482	2 266	1 460	(34)	84 174
Gain/(loss) on revaluation of investment property	97 186	56 703	(2 186)	-	151 703
Total segment revenue	177 668	58 969	(726)	(34)	235 877
Segment's operating profit/(loss)	140 957	55 632	(1 762)	65	194 892
Segment's other income/(expense)	(232)	94	(47)	-	(185)
Profit/(loss) before tax and net finance costs	140 725	55 726	(1 809)	65	194 707
Net finance income/(costs)	(43 184)	(1 075)	(854)	961	(44 152)
Profit/(loss) before tax	97 541	54 651	(2 663)	1 026	150 555
Income tax	(20 724)	(9 009)	227	-	(29 506)
Net profit/(loss)	76 817	45 642	(2 436)	1 026	121 049

<i>for the six months ended 30 June</i>	2019*				Total
	Poland	Germany	Romania	Intersegment eliminations	
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)	62 158	5 012	1 566	428	69 164

* Unaudited.

	as at					30 June 2020*					
		Poland	Germany	Romania	Intersegment eliminations	Total					
Assets and liabilities											
Segment's assets		2 288 407	128 005	77 674	(124 756)	2 369 330					
Total assets		2 288 407	128 005	77 674	(124 756)	2 369 330					
Segment's liabilities		1 299 966	77 633	64 433	(124 756)	1 317 276					
Equity		988 441	50 372	13 241	-	1 052 054					
Total equity and liabilities		2 288 407	128 005	77 674	(124 756)	2 369 330					
Expenditure on properties		165 839	26 906	5 057	-	197 802					

	as at					31 December 2019					
		Poland	Germany	Romania	Intersegment eliminations	Total					
Assets and liabilities											
Segment's assets		2 027 472	55 651	81 120	(90 116)	2 074 127					
Total assets		2 027 472	55 651	81 120	(90 116)	2 074 127					
Segment's liabilities		1 108 283	51 383	66 022	(90 116)	1 135 572					
Equity		919 189	4 268	15 098	-	938 555					
Total equity and liabilities		2 027 472	55 651	81 120	(90 116)	2 074 127					
Expenditure on properties		207 699	714	33 607	-	242 020					

* Unaudited.

Intersegment eliminations are related to intra-Group loans advanced by the Group's Polish companies to the companies in Germany and Romania, as well as intra-Group services.

4. Revenue

	<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Rental income		66 364	50 971
Other revenue		17 810	15 139
Revenue from development contract concluded by MLP Bieruń Sp. z o.o. ¹⁾		-	1 360
Total revenue		84 174	67 470

	<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Recharge of utility costs		17 033	14 428
Rental income from residential units		31	17
Services provided to tenants		618	256
Other revenue		128	438
Other revenue		17 810	15 139

¹⁾ In 2017-2019, MLP Bieruń Sp. z o.o. carried out a development project, which was settled in February 2019. The company recognised a total of PLN 27,266 thousand in revenue on the project, including PLN 1,360 thousand in 2019.

5. Other income

	<i>for the six months ended 30 June</i>	
	2020	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Reimbursement of court fees	1	-
Reversal of impairment losses on receivables	15	10
Contractual penalties received	49	173
Other	440	816
Gain on disposal of non-financial non-current assets	-	75
Reversal of provision for future costs	34	2
Other income	539	1 076

6. Other expenses

	<i>for the six months ended 30 June</i>	
	2020	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Impairment losses on receivables	(21)	-
Court fees	(156)	(161)
Costs of donations	-	(11)
Costs of insurance policies	(18)	(795)
Other	(50)	(7)
Cost of capital expenditure	(227)	-
Damages and contractual penalties	(252)	(1)
Other expenses	(724)	(975)

7. Distribution costs and administrative expenses

	<i>for the six months ended 30 June</i>	
	2020	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation and amortisation	(390)	(436)
Raw materials and consumables used	(15 910)	(14 070)
Services	(12 301)	(13 242)
Taxes and charges	(9 479)	(8 695)
Wages and salaries	(1 948)	(1 678)
Social security and other employee benefits	(400)	(315)
Other expenses by nature	(555)	(650)
Merchandise and materials sold	(2)	-
Distribution costs and administrative expenses	(40 985)	(39 086)

Distribution costs and administrative expenses for the six months ended 30 June 2020 were PLN 40,985 thousand, and for the most part included expenses related to the maintenance of revenue-generating investment properties. Costs which are not directly related to these properties are depreciation expense on property, plant and equipment which are used in operating activities but do not generate rental income, and property tax in the part relating to undeveloped land.

In the six months ended 30 June 2019, costs of services included costs related to the development project carried out at MLP Bieruń Sp. z o.o. In 2019, the company recognised total costs of services at PLN 17,520 thousand on the project, including PLN 649 thousand PLN.

8. Finance income and costs

<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Interest on loans	402	517
Interest on bank deposits	16	22
Sale of receivables	1 237	-
Net exchange differences	-	6 100
Other interest	-	36
Interest on receivables	-	19
Total finance income	1 655	6 694

<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Interest on borrowings	(6 588)	(5 534)
Other interest	(579)	(202)
Interest paid on swap contracts	(1 625)	(3 013)
Net interest on cash flow hedge	(61)	93
Ineffective portion of remeasurement of cash flow hedges	5	-
Net exchange differences	(33 136)	-
Interest on bonds	(3 224)	(1 856)
Other finance costs	(154)	(152)
Debt service costs	(445)	(2 325)
Total finance costs	(45 807)	(12 989)

On 28 February 2020, 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 February 2020, MLP Poznań II Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with ING Bank Śląski S.A.

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.

Exchange differences are mainly attributable to the effect of measurement of liabilities under EUR-denominated borrowings at the end of the reporting period. In the period from 31 December 2019 to 30 June 2020, the Polish currency depreciated by PLN 0.2075, or 4.87%. The depreciation of the złoty against the euro resulted in foreign exchange losses of PLN 33,136 thousand, which had an effect on the Group's net finance income/(cost).

9. Income tax

	<i>for the six months ended 30 June</i>	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Current income tax	3 757	3 722
Temporary differences/reversal of temporary	25 749	14 145
Income tax	29 506	17 867

Effective tax rate

	<i>for the six months ended 30 June</i>	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Profit before tax	150 555	87 031
<i>Tax at the applicable tax rate (19%)</i>	<i>(28 605)</i>	<i>(16 536)</i>
Excess of commercial property tax over income tax	(98)	(748)
Tax rate change from 19% to 9%	(131)	-
Non-taxable income	(2 197)	-
Difference due to different rates of tax paid by the German and Romanian companies	1 808	375
Unrecognised asset for tax loss	(676)	(1 396)
Write off of unused deferred tax asset for tax loss	(2)	(2)
Use of tax previously written off	371	(42)
Expenses not deductible for tax purposes	24	482
Income tax	(29 506)	(17 867)

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 2020 <i>(unaudited)</i>	31 December 2019
Gross amount at beginning of period	1 809 850	1 448 594
Expenditure on properties	197 802	242 020
Currency translation differences	4 492	(1 561)
Change in fair value	151 703	120 797
Gross amount at end of period	2 163 847	1 809 850

Investment property includes warehouses and land for development. Rental income from lease of warehouse space is the key source of the Group's revenue. Investment property as at 30 June 2020 included a perpetual usufruct asset measured at PLN 32,939 thousand.

In the period from 31 December 2019 to 30 June 2020, the carrying amount of investment property increased by EUR 57,928 thousand, to EUR 477,145 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 depreciation of the Polish currency by PLN 0.2075 (4.87%) contributed to the change in the carrying amount of investment property as translated from the euro into the zloty and a PLN 86,988 thousand increase in the property's fair value as at 30 March 2020.

The Group is a party to litigation concerning revision of the usufruct charge rate in the logistic park MLP Pruszków II. 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 carrying amount of investment property and the finance lease liabilities.

Investment property by parks

<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
MLP Pruszków I park		
Fair value of property - MLP Pruszków I	402 967	383 393
Usufruct - MLP Pruszków I	17 645	17 774
	420 612	401 167
MLP Pruszków II park		
Fair value of property - MLP Pruszków II	631 448	546 042
Usufruct - MLP Pruszków II	6 864	6 914
	638 312	552 956
MLP Poznań park		
Fair value of property - MLP Poznań	141 617	135 207
	141 617	135 207
MLP Lublin park		
Fair value of property - MLP Lublin	156 087	146 037
	156 087	146 037

	<i>as at</i>	30 June 2020 (unaudited)	31 December 2019
MLP Teresin park			
Fair value of property - MLP Teresin		75 520	71 841
		75 520	71 841
MLP Gliwice park			
Fair value of property - MLP Gliwice		137 285	111 219
		137 285	111 219
MLP Wrocław park			
Fair value of property - MLP Wrocław		135 722	122 645
		135 722	122 645
MLP Czeladź park			
Fair value of property - MLP Czeladź		85 479	81 380
		85 479	81 380
Park MLP Poznań West			
Fair value of property - MLP Poznań West		96 823	79 378
		96 823	79 378
MLP Unna park			
Fair value of property - MLP Unna		92 000	32 450
		92 000	32 450
MLP Bucharest West park			
Fair value of property - MLP Bucharest West		75 407	72 536
		75 407	72 536
Park MLP Łódź			
Fair value of property - MLP Łódź		20 410	-
Usufruct - MLP Łódź		115	-
		20 525	-
Park MLP Poznań Business Park			
Fair value of property - MLP Poznań Business Park		31 396	-
Usufruct - MLP Poznań Business Park		8 315	-
		39 711	-
Park MLP Wrocław West			
Fair value of property - MLP Wrocław West		24 563	-
		24 563	-
Park MLP Business Park Berlin			
Fair value of property - MLP Business Park Berlin		18 087	-
		18 087	-
Expenditure on new projects		5 972	2 909
MLP Energy - residential units		125	125
Gross amount at end of period		2 163 847	1 809 850

For information on investment property pledged as security, see Note 22.

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 range from 5.5% to 8.5%.

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 period ended 30 June 2020, there were no reclassifications between levels.

Fair value measurement using significant unobservable inputs (Level 3)

	Fair value as at 30 June 2020	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	90 230 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 3.36/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
90 230 tys. EUR					
MLP Pruszków II logistics park					
(i) warehouse and office buildings	124 883 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.31–4.48/m ² (EUR 3.67/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.5%–8% (6.75%)	The lower the yield rate, the higher the fair value
(ii) stack	3 030 tys. EUR	Income approach	Monthly rent	20,64 tys. 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	3 117 tys. EUR	Income approach	Monthly rent	7,89 - 11,66 tys. EUR (9,77 tys. 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	3 030 tys. EUR	Market approach	Price per m ²	EUR 55.75/m ² (PLN 249.00/m ²)	The higher the price per m ² , the higher the fair value
(v) land with building permit	7 330 tys. 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
141 390 tys. EUR					

	Fair value as at 30 June 2020	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	29 100 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.34–3.80/m ² (EUR 3.61/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	2 610 tys. 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
31 710 tys. EUR					
MLP Lublin logistics park					
(i) warehouse and office buildings	34 870 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.66–3.88/m ² (EUR 3.73/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.75%	The lower the yield rate, the higher the fair value
(ii) land reserve	80 tys. EUR	Market approach	Price per m ²	EUR 44.11/m ² (PLN 197.00/m ²)	The higher the price per m ² , the higher the fair value
34 950 tys. EUR					

	Fair value as at 30 June 2020	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	16 910 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 2.92/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.75%–7.25% (7.00%)	The lower the yield rate, the higher the fair value
16 910 tys. EUR					
MLP Gliwice logistics park					
(i) warehouse and office buildings	22 330 tys. EUR	Income approach	Monthly rent rate per 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	5.75%–6.5% (6.13%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	8 410 tys. 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
30 740 tys. EUR					
MLP Wrocław logistics park					
(i) warehouse and office buildings	28 050 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.24–4.23/m ² (EUR 3.67/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.5%–6.75% (6.13%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	2 340 tys. 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
30 390 tys. EUR					

	Fair value as at 30 June 2020	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	12 940 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 3.88/m ²)	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	5.5%–6.5% (6.00%)	The higher the estimated construction costs, the lower the fair value
(ii) land with building permit	6 200 tys. 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
19 140 tys. EUR					
MLP Unna logistics park					
(i) land with building permit	20 600 tys. 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
20 600 tys. EUR					
MLP Bucharest West logistics park					
(i) warehouse and office buildings	11 660 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 4.00–4.05/m ² (4.02 EUR/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	8.25%–8.5% (8.38%)	The lower the yield rate, the higher the fair value
(ii) land reserve	5 230 tys. EUR	Market approach	Price per m ²	EUR 38/m ² (PLN 169.73/m ²)	The higher the price per m ² , the higher the fair value
16 890 tys. EUR					

	Fair value as at 30 June 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
MLP Poznań West logistic park					
(i) warehouse and office buildings	17 430 tys. EUR	Income approach	Monthly rent rate per m ² Yield rate	EUR 3.25–6.35/m ² (EUR 4.80/m ²) 5.75%–6.75% (6.25%)	The higher the rent rate, the higher the fair value The lower the yield rate, the higher the fair value
(ii) land with building permit	4 250 tys. EUR	Residual approach	Capitalised net income Construction costs	(a) (b)	The lower the estimated capitalised net income, the lower the fair value The higher the estimated construction costs, the lower the fair value
21 680 tys. EUR					
MLP Łódź logistics park					
(i) land reserve	4 570 tys. EUR	Market approach	Price per m ²	EUR 30.23/m ² (PLN 135.00/m ²)	The higher the price per m ² , the higher the fair value
4 570 tys. EUR					
MLP Wrocław West logistics park					
(i) land reserve	5 500 tys. EUR	Market approach	Price per m ²	EUR 62.25/m ² (PLN 278.00/m ²)	The higher the price per m ² , the higher the fair value
5 500 tys. EUR					
Poznań Business Park logistics park					
(i) land reserve ¹⁾	7 030 tys. EUR	Market approach	Price per m ²	EUR 51.04–66.95/m ² (EUR 52.83/m ²) PLN 227,95 - 299,00/m ² (PLN 235,94.00/m ²)	The higher the price per m ² , the higher the fair value
7 030 tys. EUR					
Business Park Berlin logistics park					
(i) land with building permit	4 050 tys. EUR	Residual approach	Capitalised net income Construction costs	(a) (b)	The lower the estimated capitalised net income, the lower the fair value The higher the estimated construction costs, the lower the fair value
4 050 tys. EUR					
475 780 tys. EUR					

¹⁾ In the first quarter 2020, the company purchased a logistics park. Work is currently under way on a new development concept.

(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 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	90 030 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 3.33/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
90 030 tys. EUR					
MLP Pruszków II logistics park					
(i) warehouse and office buildings	101 405 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.41–4.70 EUR/m ² (3.84 EUR/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.5%–8% (6.75%)	The lower the yield rate, the higher the fair value
(ii) stack	4 170 tys. EUR	Income approach	Monthly rent	EUR 30.64 thousand	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	3 195 tys. EUR	Income approach	Monthly rent	EUR 7.80–11.52 thousand (EUR 9.66 thousand)	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	3 194 tys. EUR	Market approach	Price per m ²	EUR 58.71/m ² (PLN 250.00/m ²)	The higher the price per m ² , the higher the fair value
(v) land with building permit	16 260 tys. 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
128 224 tys. EUR					

	Fair value as at 31 December 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	29 140 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.34–3.8 EUR/m ² (EUR 3.61/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	2 610 tys. 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
31 750 tys. EUR					
MLP Lublin logistics park					
(i) warehouse and office buildings	34 160 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.25–3.8/m ² (EUR 3.57/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.00%	The lower the yield rate, the higher the fair value
(ii) land reserve	133 tys. EUR	Market approach	Price per m ²	EUR 45.79/m ² (PLN 195.00/m ²)	The higher the price per m ² , the higher the fair value
34 293 tys. EUR					

	Fair value as at 31 December 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	16 870 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 2.92/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	6.75%–7.25% (7.00%)	The lower the yield rate, the higher the fair value
16 870 tys. EUR					
MLP Gliwice logistics park					
(i) warehouse and office buildings	22 057 tys. EUR	Income approach	Monthly rent rate per 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	5.75%–6.5% (6.13%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	4 060 tys. 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
26 117 tys. EUR					
MLP Wrocław logistics park					
(i) warehouse and office buildings	17 930 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 3.55–4.22/m ² (EUR 3.88/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5.5%–6.5% (6.00%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	10 870 tys. 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
28 800 tys. EUR					

	Fair value as at 31 December 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	12 910 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 3.88/m ²)	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	5.5%–6.5% (6.00%)	The higher the estimated construction costs, the lower the fair value
(ii) land with building permit	6 200 tys. 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
19 110 tys. EUR					
MLP Unna logistics park					
(i) land with building permit	7 620 tys. 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 tys. EUR					
MLP Bucharest West logistics park					
(i) warehouse and office buildings	11 684 tys. EUR	Income approach	Monthly rent rate per m ²	EUR 4.00–4.05/m ² (EUR 4.03/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	8.25%–8.5% (8.38%)	The lower the yield rate, the higher the fair value
(ii) land reserve	5 367 tys. EUR	Market approach	Price per m ²	EUR 39/m ² (PLN 166.08/m ²)	The higher the price per m ² , the higher the fair value
17 051 tys. EUR					

	Fair value as at 31 December 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) warehouse and office buildings	10 790 tys. EUR	Income approach	Monthly rent rate per m ²	(EUR 6.35/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	5,75%	The lower the yield rate, the higher the fair value
(ii) land with building permit	7 850 tys. 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
	18 640 tys. EUR				
	418 505 tys. 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

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> 2020 <i>(unaudited)</i>	2019	2020 <i>(unaudited)</i>	2019	2020 <i>(unaudited)</i>	2019
Investment property	-	-	180 612	148 706	180 612	148 706
Borrowings and loans	6 275	-	-	575	(6 275)	575
Derivatives	2 656	1 574	-	-	(2 656)	(1 574)
Other	976	971	-	-	(976)	(971)
Tax losses deductible in future periods	2 693	3 848	-	-	(2 693)	(3 848)
Interest on bonds	348	93	-	-	(348)	(93)
Deferred tax assets / liabilities	12 948	6 486	180 612	149 281	167 664	142 795

	<i>as at</i> 30 June 2020 <i>(unaudited)</i>	31 December 2019
Including:		
Deferred tax asset	(1 292)	(2 495)
Deferred tax liability	168 956	145 290
	167 664	142 795

As at 30 June 2020, the unrecognised deferred tax asset for tax loss was PLN 10,512 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 2019	changes recognised in profit or loss	changes recognised in other comprehensive income	currency translation differences	31 December 2019
Investment property	121 282	27 533	-	(109)	148 706
Borrowings and loans	(861)	1 436	-	-	575
Derivatives	(995)	731	(1 310)	-	(1 574)
Other	522	(1 493)	-	-	(971)
Tax losses deductible in future periods	(3 862)	14	-	-	(3 848)
Interest on bonds	(97)	4	-	-	(93)
	115 989	28 225	(1 310)	(109)	142 795

	1 January 2020	changes recognised in profit or loss <i>(unaudited)</i>	changes recognised in other comprehensive income <i>(unaudited)</i>	currency translation differences <i>(unaudited)</i>	30 June 2020 <i>(unaudited)</i>
Investment property	148 706	31 705	-	201	180 612
Borrowings and loans	575	(6 850)	-	-	(6 275)
Derivatives	(1 574)	(1)	(1 081)	-	(2 656)
Other	(971)	(5)	-	-	(976)
Tax losses deductible in future periods	(3 848)	1 155	-	-	(2 693)
Interest on bonds	(93)	(255)	-	-	(348)
	142 795	25 749	(1 081)	201	167 664

12. Investments and other investments

<i>as at</i>	30 June 2020	31 December 2019
	<i>(unaudited)</i>	
Other long-term investments	21 026	19 832
Long-term loans to related entities	4 227	3 994
Other long-term investments	25 253	23 826
Short-term loans to related entities	23 522	41 549
Short-term loans to other entities	-	22 139
Short-term investments	23 522	63 688
Restricted cash	2 292	2 774
Other short-term investments	2 292	2 774

Other long-term investments comprised non-current portion of restricted cash of PLN 21,026 thousand, including: (i) cash of PLN 11,919 thousand set aside pursuant to the terms of credit facility agreements to secure payment of principal and interest, (ii) PLN 4,048 thousand, a deposit created from a security deposit retained from the tenant, (iii) and other retained security deposits of PLN 5,059 thousand.

Other short-term investments comprise the current portion of restricted cash of PLN 2,292 thousand. Including: (i) a short-term portion of retained security deposit of PLN 34 thousand and (ii) a short-term portion of funds set aside pursuant to the terms of credit facility agreements of PLN 2,258 thousand.

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

	Loan assets
Amount as at 31 December 2019	67 682
Interest accrued	402
Payment of interest	(3 148)
Grant of loan	50
Sale of receivables	(22 139)
Repayment of principal	(15 530)
Change in carrying amount	432
Amount as at 30 June 2020*	27 749

13. Trade and other receivables

	<i>as at</i>	30 June 2020	31 December 2019
		<i>(unaudited)</i>	
Trade payables		14 521	7 886
Investment settlements		251	4 175
Prepayments and accrued income		10 850	8 617
Accrued income from development contract concluded by MLP Group S.A.		730	10
Advance payment for purchase of land		789	15 677
Interim dividend		-	3 985
Taxes and social security receivable		18 984	26 778
Trade and other receivables		46 125	67 128
Income tax receivable		1 543	234
Short-term receivables		47 668	67 362

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

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

	<i>as at</i>	30 June 2020*		31 December 2019	
		Gross receivables	Impairment loss	Gross receivables	Impairment loss
Not past due		6 644	-	5 102	-
Past due:					
1 to 90 days		6 104	-	4 937	-
91 to 180 days		302	-	477	(3)
over 180 days		5 988	(4 517)	8 679	(7 321)
Total receivables		19 038	(4 517)	19 195	(7 324)

* Unaudited.

14. Cash and cash equivalents

<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Cash in hand	45	53
Cash at banks	98 456	94 179
Short-term deposits	4 218	7 814
Cash and cash equivalents in the condensed consolidated statement of financial position	102 719	102 046
Cash and cash equivalents in the condensed consolidated statement of cash flows	102 719	102 046

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 interest rates agreed on a case-by-case basis.

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 condensed consolidated statement of cash flows

15. 1 Cash flows from borrowings

<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Proceeds from bank borrowings	51 782	439 211
Proceeds from non-bank borrowings	48	-
Cash flows from borrowings	51 830	439 211
Elimination of non-bank borrowings from Fenix Polska Sp. z o.o.	(48)	-
Cash flows from borrowings	51 782	439 211
Cash flows from borrowings – amount disclosed in the condensed consolidated statement of cash flows	51 782	439 211

<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Repayment of principal instalments on bank borrowings	(11 369)	(290 778)
Repayment of non-bank borrowings	(15 529)	-
Total cash flows from borrowings	(26 898)	(290 778)
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.	15 529	-
Cash flows from repayment of borrowings	(11 369)	(290 778)
Cash flows from repayment of borrowings – amount disclosed in the condensed consolidated statement of cash flows	(11 369)	(290 778)

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from loans		(50)	-
Cash flows from loans		(50)	-
Total cash flows from loans - amount disclosed in the condensed consolidated statement of cash flows		(50)	-

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Total cash flows from repayment of loans		15 529	-
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.		(15 529)	-
Total cash flows from repayment of loans		-	-
Total cash flows from repayment of loans - amount disclosed in the condensed consolidated statement of cash flows		-	-

15. 2 Change in receivables

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Change in inventories		(33)	119
Change in trade and other receivables		21 003	11 066
Settlement of interim dividend		(3 985)	-
Change in receivables		16 985	11 185
Change in receivables disclosed in the condensed consolidated statement of cash flows		16 985	11 185

15. 3 Change in current and other liabilities

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Change in trade and other payables		(52 610)	24 277
Change in employee benefit obligations		(978)	-
Change in current liabilities under performance bonds and security deposits		(1 021)	(663)
Change in finance lease liabilities		8 251	10 463
Elimination of changes in investment commitments		26 563	(19 602)
Change in current and other liabilities		(19 795)	14 475
Change in current and other liabilities disclosed in the condensed consolidated statement of cash flows		(19 795)	14 475

16. Equity

16. 1 Share capital

<i>as at</i>	30 June 2020 (unaudited)	31 December 2019
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 2020, 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 in the Company. The par value is PLN 0.25 per share and the entire share capital is paid up.

On June 29th 2020, the Annual General Meeting of MLP Group S.A. passed a resolution amending the Company's Articles of Association in view of the changing market situation and to ensure a flexible approach and enable the Company to respond quickly, in particular to enable the Company to make investments.

Pursuant to the resolution, the Company's Management Board has been authorised to increase the Company's share capital by no more than PLN 815,096 (the "Authorised Capital") for a period of up to three years from the date of registration by the competent registry court of the amendments to the Articles of Association. The Management Board may exercise the authorisation by increasing the share capital once or multiple times by way of one or multiple share issues, within the limit of the Authorised Capital. An increase in the share capital up to the amount of the Authorised Capital may be made only for cash contributions. Shares issued under the authorisation within the limits of the Authorised Capital will not bear any preference over the existing shares. This authorisation does not include the right to increase the share capital from the Company's own resources.

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 the weighted average number of shares outstanding in the reporting period.

	<i>for the six months ended 30 June</i>	2020 (unaudited)	2019 (unaudited)
Net profit/(loss) for the period		121 049	69 164
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		6,68	3,82
- diluted		6,68	3,82

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 2020 <i>(unaudited)</i>	31 December 2019
Borrowings secured over the Group's assets	709 010	638 455
Bonds ¹⁾	267 960	127 755
Non-bank borrowings	14 820	14 283
Non-current liabilities under borrowings and other debt instruments	991 790	780 493

¹⁾ On 19 February 2020, the Company issued, by way of public offering, 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 30,000,000. The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00058. The securities will be listed in the continuous trading system, with ticker symbol "MLP0225".

The bonds will pay variable interest at 6M EURIBOR plus margin. The bonds were issued as unsecured bonds. The objectives of the issue were not specified.

Pursuant to a resolution of the Management Board of the Warsaw Stock Exchange of 21 February 2020, 26 February 2020 was set as the first day of trading in Series C bearer bonds in the alternative trading system on Catalyst.

<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Finance lease liabilities (perpetual usufruct of land) ²⁾	32 939	24 688
Liabilities from measurement of SWAP transactions	13 894	8 161
Liabilities from measurement of CAP transactions	61	-
Performance bonds	7 488	9 017
Security deposits from tenants and other deposits	3 994	3 486
Other non-current liabilities	58 376	45 352

²⁾ The Group is a party to court proceedings concerning revision of the usufruct charge rate. The Management Board of MLP Group S.A. estimated, as at the date of release of the report and with respect to justified cases, the amount of provision for some potential claims against MLP Pruszków III Sp. z o.o. The amount determined by the court may affect the carrying amount of investment property and the finance lease liabilities.

18. 2 Current liabilities

<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Short-term bank borrowings and short-term portion of bank borrowings secured over the Group's assets	24 915	22 523
Bonds	1 829	491
Non-bank borrowings	13 046	31 415
Current liabilities under borrowings and other debt instruments	39 790	54 429

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

<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Liabilities from measurement of SWAP transactions	54	105
Other current liabilities	54	105

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

	Bonds
Amount as at 31 December 2019	128 246
Issue of bonds	128 142
Interest accrued on bonds	3 233
Interest paid on bonds	(1 913)
Change in carrying amount	12 081
Amount as at 30 June 2020*	269 789

Non-bank borrowings	
Amount as at 31 December 2019	45 698
Increase in non-bank borrowings	48
Repayment of principal	(15 529)
Interest accrued	411
Payment of interest	(3 196)
Change in carrying amount	434
Amount as at 30 June 2020*	27 866

Liabilities under bank borrowings	
Amount as at 31 December 2019	660 978
<i>including derecognised commission fee as at 31 December 2019</i>	2 725
Interest accrued	6 172
Interest paid	(6 287)
IRS interest accrued	1 626
IRS interest paid	(1 619)
Increase in bank borrowings	50 891
repayment of principal	(10 478)
Realised foreign exchange gains/(losses)	462
Unrealised foreign exchange gains/(losses)	31 833
Interest capitalised	107
Amount as at 30 June 2020*	733 925
<i>including derecognised commission fee as at 30 June 2020</i>	2 485

* Unaudited.

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
Private bonds – Series C ¹⁾	EUR	30 000 000	2025-02-19	6M EURIBOR + margin	none	Catalyst

¹⁾ By Resolution of 21 February 2020, the WSE Management Board decided to introduce 30,000 Series C bearer bonds of MLP Group S.A., with a nominal value of EUR 1,000 per bond, to the Catalyst alternative trading system. 26 February 2020 was the first day of trading in the Bonds on Catalyst. The Bonds will be listed in the continuous trading system under the abbreviated name of "MLP0225".

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

	effective interest rate	as at 30 June 2020**			as at 31 December 2019			
		currency	matures in	in currency *	in PLN	matures in	in currency *	in PLN
Bank borrowings secured over the Group's assets								
Investment credit facility PKO BP S.A.	3M EURIBOR + margin	EUR	2028	3 147	14 052	2028	3 228	13 744
Investment credit facility PKO BP S.A.	3M EURIBOR + margin	EUR	2028	1 970	8 798	2028	2 003	8 530
Investment credit facility ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch	3M EURIBOR + margin	EUR	2025	91 582	406 801	2025	92 521	391 572
Investment credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2025	5 863	26 182	2025	6 067	25 837
Investment credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2028	3 283	14 664	2028	3 370	14 350
Investment credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2029	4 244	18 956	2029	4 346	18 509
Construction credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2030	5 169	23 084	-	-	-
Construction credit facility BNP Paribas Bank Polska S.A.	3M EURIBOR + margin	EUR	2029	6 213	27 747	-	-	-
Investment credit facility BNP Paribas Bank Polska S.A.	3M EURIBOR + margin	EUR	2029	11 345	50 386	2029	11 549	48 886
Working capital (VAT) facility BNP Paribas Bank Polska S.A.	1M EURIBOR + margin	PLN	2021	-	893	-	-	-
Investment credit facility PKO BP S.A.	3M EURIBOR + margin	EUR	2030	11 605	51 827	2030	12 121	51 616
Investment credit facility ING Bank Śląski S.A.	1M EURIBOR + margin	EUR	2024	1 727	7 713	2024	1 750	7 453
Investment credit facility ING Bank Śląski S.A.	3M EURIBOR + margin	EUR	2024	4 267	19 054	2024	4 273	18 197
Investment credit facility ING Bank Śląski S.A.	1M EURIBOR + margin	EUR	2024	5 221	23 318	2024	5 335	22 717
Investment credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2030	7 706	34 417	2030	7 906	33 669
Investment credit facility PEKAO S.A.	1M EURIBOR + margin	EUR	2029	1 351	6 033	2029	1 385	5 898
Total bank borrowings:					733 925			660 978

*Borrowing amounts in EUR are presented inclusive of commission fees.

** Unaudited.

	currency	effective interest rate (%)	as at 30 June 2020*		as at 31 December 2019	
			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	-	3 006	2021 - 2 976
Fenix Polska S.A.	PLN	3M WIBOR + margin	2020	-	8 383	2020 - 8 303
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	-	153	2021 - 152
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	465	2030 - 465
Fenix Polska S.A.	PLN	3M WIBOR + margin	2020	-	4 108	2020 - 22 582
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	48	- -
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	415	2025 - 415
Fenix Polska S.A.	PLN	3M WIBOR + margin	2028	-	7	2028 - 7
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2029	1 977	8 828	2029 1 966 8 371
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2020	124	555	2020 124 530
Fenix Polska S.A.	USD	Libor R USD+marża	2026	-	1	2020 -
Total non-bank borrowings:					27 866	45 698
Total borrowings secured and not secured over the Group's assets					761 791	706 676

* Unaudited.

19. Employee benefit obligations

<i>as at</i>	30 June 2020	31 December 2019
	<i>(unaudited)</i>	
Special accounts	157	157
Provision for bonuses	-	978
Employee benefit obligations	157	1 135

20. Trade and other payables

<i>as at</i>	30 June 2020	31 December 2019
	<i>(unaudited)</i>	
Trade payables	8 035	9 315
Deferred income	1 688	513
Taxes and social security receivable	2 230	2 980
Unbilled trade payables	3 650	4 963
Investment commitments, security deposits and other obligations	40 333	90 775
Trade and other payables	55 936	108 546
Income tax payable	2 217	222
Current liabilities	58 153	108 768

As at 30 June 2020, the Group did not carry any past due trade payables towards related parties.

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

<i>as at</i>	30 June 2020	31 December 2019
	<i>(unaudited)</i>	
Not past due	62 548	107 950
Past due from 1 to 90 days	751	7 238
Past due from 91 to 180 days	23	247
Pas due over 180 days	178	2 121
Total trade and other payables	63 500	117 556

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 value of financial assets and financial liabilities as at 30 June 2020 and 31 December 2019 was 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:** 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 2020 (unaudited)	31 December 2019
Financial assets measured at amortised cost:		
Cash and cash equivalents	102 719	102 046
Loans and receivables, including:		
● Trade and other receivables	15 502	16 056
● Loans	27 749	67 682
● Other long-term investments	21 026	19 832
● Other short-term investments	2 292	2 774
	169 288	208 390
Total financial assets	169 288	208 390

Measurement of assets at amortised cost as at 30 June 2020*:

<i>* Unaudited.</i>	Stage 1	Stage 2	Stage 3
Gross carrying amount	153 786	20 019	-
Cash and cash equivalents	102 719	-	-
Loans and receivables, including:			
• Trade and other receivables	-	20 019	-
• Loans	27 749	-	-
• Other long-term investments	21 026	-	-
• Other short-term investments	2 292	-	-
Impairment losses (IFRS 9)	-	(4 517)	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(4 517)	-
• Loans	-	-	-
• Other long-term investments	-	-	-
• Other short-term investments	-	-	-
Carrying amount (IFRS 9)	153 786	15 502	-

Measurement of assets at amortised cost as at 31 December 2020:

	Stage 1	Stage 2	Stage 3
Gross carrying amount	192 334	23 380	-
Cash and cash equivalents	102 046	-	-
Loans and receivables, including:			
• Trade and other receivables	-	23 380	-
• Loans	67 682	-	-
• Other long-term investments	19 832	-	-
• Other short-term investments	2 774	-	-
Impairment losses (IFRS 9)	-	(7 324)	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(7 324)	-
• Loans	-	-	-
• Other long-term investments	-	-	-
• Other short-term investments	-	-	-
Carrying amount (IFRS 9)	192 334	16 056	-

21. 1. 2 Financial liabilities

<i>as at</i>	30 June 2020 (unaudited)	31 December 2019
Hedging financial instruments:		
Liabilities from measurement of SWAP transactions	13 948	8 266
Liabilities on measurement of other financial instruments	61	-
	14 009	8 266
Financial liabilities measured at amortised cost:		
Bank borrowings	733 925	660 978
Non-bank borrowings	27 866	45 698
Trade and other payables	63 500	117 556
Lease liabilities	32 939	24 688
Bonds	269 789	128 246
	1 128 019	977 166
Total financial liabilities	1 142 028	985 432

As at 30 June 2020, the fair value of hedging instruments was PLN 14,009 thousand, measured on the basis of other directly or indirectly observable quotations (Level 2). The information is provided by banks and is based on references to instruments traded on an active market

In the six months ended 30 June 2020, there were no reclassifications between the fair value hierarchy levels.

21. 2 Other disclosures relating to financial instruments

Hedging

For information on collateral, see Note 22.

Hedge accounting

On 28 February 2020, 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 February 2020, MLP Poznań II Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with ING Bank Śląski S.A.

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

In the period ended 30 June 2020, the Group recognised the following changes in contingent liabilities and security instruments:

- On 22 January 2020 MLP Teresin Sp. z o.o, Bank Polska Kasa Opieki S.A. and PEKAO Bank Hipoteczny S.A. concluded Amending Agreement No. 1 to the Agreement of 10 June 2016 on registered pledges and financial pledges on receivables for payment of funds from bank accounts under which, following the transfer by Bank Polska Kasa Opieki S.A. of part of the secured receivables to PEKAO Bank Hipoteczny S.A. and in order to secure their payment, MLP Teresin sp. z o.o. established financial pledges up to EUR 10,795,500.00 (9 pledges) in favour of PEKAO Bank Hipoteczny S.A.
- On 22 January 2020 MLP Teresin Sp. z o.o, Bank Polska Kasa Opieki S.A. and PEKAO Bank Hipoteczny S.A. concluded Amending Agreement No. 1 to the Agreement of 13 December 2016 on registered pledges and financial pledges on receivables for payment of funds from bank accounts under which, following the transfer by Bank Polska Kasa Opieki S.A. of part of the secured receivables to PEKAO Bank Hipoteczny S.A. and in order to secure their payment, MLP Teresin sp. z o.o. established financial pledges up to EUR 10,795,500 (2 pledges) in favour of PEKAO Bank Hipoteczny S.A.
- On 22 January 2020 MLP Property sp. z o.o., Bank Polska Kasa Opieki S.A. and PEKAO Bank Hipoteczny S.A. concluded Amending Agreement No. 1 to the Agreement of 10 June 2016 on registered and financial pledges over shares under which, following the transfer by Bank Polska Kasa Opieki S.A. of part of the secured receivables to PEKAO Bank Hipoteczny S.A. and in order to secure their payment, MLP Property sp. z o.o. established, in favour of PEKAO Bank Hipoteczny S.A. a financial pledge over shares up to the maximum amount secured of EUR 10,795,500.00.
- On 22 April 2020, contractual joint mortgages of up to EUR 28,987 thousand, PLN 6,036 thousand and PLN 6,000 thousand in favour of BNP Paribas Bank Polska S.A. were entered in the land and mortgage registers of MLP Pruszków V Sp. z o.o. to secure a facility granted under the credit facility agreement of 7 November 2019.
- Under the support agreement of 20 January 2020, MLP Group S.A. agreed to provide support to MLP Wrocław Sp. z o.o. in the event of cost overruns for building C.1.2.
- Under the support agreement of 20 January 2020, MLP Group S.A. agreed to provide support to MLP Wrocław Sp. z o.o. in the event of cost overruns for building A.2.
- Under the support agreement of 30 March 2020, MLP Group S.A. agreed to provide support to MLP Pruszków V Sp. z o.o. in the event of cost overruns for buildings C.1 and C.2.
- Under the support agreement of 17 January 2020, MLP Group S.A. agreed to provide support to MLP Czeladź Sp. z o.o. in the event of cost overruns for building A.3.
- Under the support agreement of 22 July 2020, MLP Group S.A. agreed to provide support to MLP Gliwice Sp. z o.o. in the event of cost overruns for building C.
- On 22 January 2020, MLP Pruszków II sp. z o.o. and MLP Property sp. z o.o. executed an agreement to accede to the subordination agreement of 11 October 2017 (credit facility for MLP Wrocław sp. z o.o.).

23. Related-party transactions

23. 1 Trade and other receivables and payables

The balances of trade and other payables and receivables from related-party transactions as at June 30th 2020* were as follows:

<i>* Unaudited.</i>	Trade and other receivables	Trade and other payables ¹⁾
The Israel Land Development Company Ltd., Tel-Aviv	197	-
Other related parties		
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	8	-
Fenix Polska Sp. z o.o.	9	-
Total	214	-

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

23. 2 Loans and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 30 June 2020.

<i>* Unaudited.</i>	Loans	Non-bank borrowings
Other related parties		
Fenix Polska Sp. z o.o.	27 664	(27 866)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	85	-
Total	27 749	(27 866)

23. 3 Income and expenses

Below are presented income and expenses from related-party transactions for the year ended June 30th 2020*:

<i>* Unaudited.</i>	Revenue	Procurement of services and cost of wages and	Interest income	Interest expense
Parent				
The Israel Land Development Company Ltd., Tel-Aviv	89	-	-	-
	89	-	-	-
Other related parties				
Fenix Polska Sp. z o.o.	-	-	401	(412)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	1	-	1	-
	1	-	402	(412)
Key management personnel				
RTK CONSULTING, Radosław T. Krochta	-	(312)	-	-
ROMI CONSULTING, Michael Shapiro	-	(279)	-	-
PROFART, Tomasz Zabost	-	(220)	-	-
PEOB, Marcin Dobieszewski	-	(136)	-	-
Other key management personnel	-	(460)	-	-
	-	(1 407)	-	-
Total	90	(1 407)	402	(412)

Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B. V., which as at 30 June 2020 held 100% of shares in Fenix Polska Sp. z o.o. and 56.98% of the Group's share capital.

24. Significant events during and subsequent to the reporting period

- On 19 February 2020, the Company issued, by way of private placement, 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 30,000,000.

For details of the issue of Series C notes, see Note 18.1 to these interim condensed consolidated financial statements.

On 21 February 2020, the Management Board of the Warsaw Stock Exchange decided to introduce 30,000 (thirty thousand) Series B bearer bonds of MLP Group S.A., with the nominal value of EUR 1,000 (one thousand euro) per bond, to the alternative trading system on Catalyst.

On 21 February 2020 the Management Board of the Warsaw Stock Exchange set 26 February 2020 as the date of the first listing of the Company's Series C bearer bonds on Catalyst.

- On 29 January 2020, 18 February 2020, 19 March 2020, 25 March 2020 and 11 August 2020 Bank Polska Kasa Opieki S.A. disbursed further tranches of the credit facility to MLP Wrocław Sp. z o.o.
- On 13 August 2020, Bank Polska Kasa Opieki S.A. disbursed another tranche of the credit facility to MLP Gliwice Sp. z o.o.
- On 22 April 2020, BNP Paribas Bank Polska S.A. disbursed another tranche of the credit facility to MLP Pruszków V Sp. z o.o.
- The potential impact of coronavirus on the Group is described in the Directors' Report on the Group's operations in the financial year ended 30 June 2020.
- On June 29th 2020, the Annual General Meeting of MLP Group S.A. passed a resolution amending the Company's Articles of Association in view of the changing market situation and to ensure a flexible approach and enable the Company to respond quickly, in particular to enable the Company to make investments. For information on significant changes, see Note 16.1.

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.

24. 1 Effect of the COVID-19 epidemic on the operations of the MLP Group S.A. Group in the six months ended 30 June 2020

- In late 2019, the first case of coronavirus disease was reported in China. In the first months of 2020, the virus spread across the world, with increasingly stronger adverse impacts. The management believes this situation does not require any adjustments to the 2019 full-year financial statements, but is considered an event subsequent to the reporting date that requires additional disclosures. Although the situation continues to be volatile at the time of issue of these financial statements, the Group's management has not recorded any noticeable effect on its financial position, but future effects of the pandemic cannot be predicted. The management will continue to monitor the potential impact and take all reasonable steps to mitigate any adverse effects of the situation on the Group.

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

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration of the Management Board:			
Radosław T. Krochta		312	258
Michael Shapiro		279	221
Tomasz Zabost		220	199
Marcin Dobieszewski		136	123
		947	801
		947	801
Remuneration of the Supervisory Board:			
• Remuneration and other benefits			
Maciej Matusiak		15	15
Eytan Levy		15	15
Shimshon Marfogel		15	15
Daniel Nimrodi		15	15
Guy Shapira		15	15
Piotr Chajderowski		15	15
		90	90
		90	90
Total remuneration paid or due to Management Board, Supervisory Board and Key Management Personnel		1 037	891
Other key management personnel:			
• Remuneration and other benefits			
		460	401
		460	401
		460	401
Total remuneration paid or due to Management Board members, Supervisory Board members and key management personnel		1 497	1 292

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, the Supervisory Board and the other management personnel did not receive any other benefits from any of the Group companies.

26. Workforce structure

	<i>for the six months ended 30 June</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Average headcount in the period		25	22

Signed with qualified electronic signature.

Radosław T. Krochta

Michael Shapiro
Vice President of the Management

Tomasz Zabost

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

Pruszków, 25 August 2020



MLP Group S.A.

**Interim condensed separate
financial statements**

**for the six months ended 30 June 2020
prepared in accordance with EU IFRS**

Authorisation of the interim condensed financial statements

On 25 August 2020, the Management Board of MLP Group S.A. authorised for issue these interim condensed financial statements (the “condensed financial statements”) of MLP Group S.A. for the period from 1 January 2020 to 30 June 2020.

These interim condensed financial statements for the period from 1 January 2020 to 30 June 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as endorsed by the European Union. In this report, information is presented in the following sequence:

1. Condensed statement of profit or loss and other comprehensive income for the period from 1 January 2020 to 30 June 2020, showing a net profit of PLN 11,905 thousand.
2. Condensed statement of financial position as at 30 June 2020, showing total assets and total equity and liabilities of PLN 611,648 thousand.
3. Condensed statement of cash flows for the period from 1 January 2020 to 30 June 2020, showing a net decrease in cash of PLN 19,101 thousand.
4. Condensed statement of changes in equity for the period from 1 January to 30 June 2020, showing an increase in equity of PLN 7,920 thousand.
5. Notes to the separate financial statements

These interim condensed financial statements have been prepared in thousands of PLN, 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, 25 August 2020

Condensed separate statement of profit or loss and other comprehensive income

		six months ended 30 June	three months ended 30 June	six months ended 30 June	three months ended 30 June
	<i>for the</i>				
<i>for the six months ended 30 June</i>	Note	2020	2020	2019	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4	4 453	2 251	4 426	1 990
Other income	5	270	(1)	5	-
Other expenses	6	-	2	(1)	(1)
Distribution costs and administrative expenses	7	(4 904)	(2 478)	(4 747)	(2 590)
Operating profit/(loss)		(181)	(226)	(317)	(601)
Finance income	8	18 178	15 425	3 231	1 759
Finance costs	8	(5 832)	(1 066)	(3 296)	(1 699)
Net finance income/(costs)		12 346	14 359	(65)	60
Profit/(loss) before tax		12 165	14 133	(382)	(541)
Income tax	9	(260)	(649)	99	131
Net profit/(loss)		11 905	13 484	(283)	(410)
Total comprehensive income for the year		11 905	13 484	(283)	(410)
Earnings/(loss) per share:					
Basic and diluted earnings per share					
- (PLN) for the year attributable to holders of ordinary shares of the Parent	18	0,66	1,00	(0,02)	(0,02)

Condensed separate statement of financial position

	as at	Note	30 June 2020 (unaudited)	31 December 2019
Non-current assets				
Intangible assets			68	-
Prepayments for intangible assets			35	-
Property, plant and equipment			155	105
Non-current financial assets in related entities		10	123 396	123 396
Long-term investments		11	435 794	253 707
Deferred tax assets		14	2 264	2 524
Other long-term investments			842	389
Total non-current assets			562 554	380 121
Current assets				
Short-term investments		12	15 374	33 883
Trade and other receivables		15	10 887	13 814
Cash and cash equivalents		16	22 833	41 934
Total current assets			49 094	89 631
TOTAL ASSETS			611 648	469 752
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	65 097
Retained earnings			19 330	11 410
Total equity			164 271	156 351
Non-current liabilities				
Non-bank borrowings and other debt instruments		19	386 682	242 635
Total non-current liabilities			386 682	242 635
Current liabilities				
Non-bank borrowings and other debt instruments		19	57 267	54 796
Employee benefit obligations		20	157	807
Trade and other payables		21	3 271	15 163
Total current liabilities			60 695	70 766
Total liabilities			447 377	313 401
TOTAL EQUITY AND LIABILITIES			611 648	469 752

Condensed separate statement of cash flows

	<i>for the year ended 30 June</i>	Note	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before tax			12 165	(382)
<i>Total adjustments:</i>				
Depreciation and amortisation			246	370
Net interest			(1 035)	390
Exchange differences			594	(295)
Other			(453)	133
Change in receivables			(1 058)	154
Change in current and other liabilities			(12 542)	(1 079)
Cash from operating activities			(2 083)	(709)
Income tax (paid)/refunded			-	-
Net cash from operating activities			(2 083)	(709)
Cash flows from investing activities				
Repayment of loans			49 000	51 050
Interest received			117	(721)
Purchase of investment property, property, plant and equipment and intangible assets			(399)	(1)
Loans			(195 320)	(52 697)
Cash from investing activities			(146 602)	(2 369)
Cash flows from financing activities				
Proceeds from non-bank borrowings			-	60 918
Repayment of non-bank borrowings			(2 001)	(826)
Issue of bonds			128 142	-
Interest paid on non-bank borrowings			(189)	-
Interest paid on bonds			(1 913)	(1 849)
Cash from financing activities			124 039	58 243
Total cash flows			(24 646)	55 165
Cash and cash equivalents at beginning of period			41 934	7 400
Effect of exchange differences on cash and cash equivalents			5 545	(601)
Cash and cash equivalents at end of period		16	22 833	61 964

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 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)
Distribution of net profit for 2018*	-	-	-	-	(612)	(612)
Equity as at 30 June 2019*	4 529	4 194	71 121	64 485	3 750	148 079
Equity as at 1 January 2020	4 529	4 194	71 121	65 097	11 410	156 351
<u>Comprehensive income:</u>						
Net profit/(loss)*	-	-	-	-	11 905	11 905
Comprehensive income for the year ended 30 June 2020*	-	-	-	-	11 905	11 905
Distribution of net profit for 2019*	-	-	-	-	(3 985)	(3 985)
Equity as at 30 June 2020*	4 529	4 194	71 121	65 097	19 330	164 271

* 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 Warsaw 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. The PKD code of the principal business activity is: 7032Z, i.e. property management services.

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 41 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 Business Park Berlin I LP Sp. z o.o., MLP Czeladź Sp. z o.o., MLP Temp Sp. z o.o., MLP Wrocław West 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., MLP Germany Management GmbH, MLP Business Park Berlin I Sp. z o.o. & Co. KG., MLP Wrocław West Sp. z o.o., MLP Business Park Berlin I GP sp. z o.o., MLP Łódź II sp. z o.o., MLP Poznań East sp. z o.o., MLP Schwalmthal LP sp. z o.o., MLP Schwalmthal GP sp. z o.o., MLP Property I sp. z o.o., MLP Business Park Berlin I Sp. z o.o. & Co. KG, MLP Schwalmthal Sp. z o.o. & Co. KG

For more information on 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 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

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet and the Company has not elected to adopt them early:

Amendments to IFRS 3 Business Combinations – the amendments to IFRS 3 include a change in the definition of 'business'. Under the amended standard, the scope of the definition is narrower and will probably increase the proportion of acquisitions classified as asset acquisitions. Amendments to IFRS 3 are effective for annual periods beginning on or after 1 January 2020. As at the date of these financial statements, the amendments have not been endorsed by the European Union.

IFRS 17 Insurance Contracts – effective for annual periods beginning on or after 1 January 2021. New IFRS 17 Insurance Contracts will replace existing IFRS 4, which provides for a variety of practices in accounting for insurance contracts. IFRS 17 will substantially change accounting policies of all entities that deal with insurance contracts and investment agreements.

Amendments to the IFRS Conceptual Framework – in 2019, amendments were published to the IFRS Conceptual Framework, which will apply as of 1 January 2020. The revised Conceptual Framework will be used by the Council and the Interpretation Committee in the future during the work on new standards. However, entities preparing financial statements may use the Conceptual Framework to develop their accounting policies for transactions which have not been covered by the IFRSs currently in effect.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – the Board published a new definition of 'materiality'. The amendments to IAS 1 and IAS 8 clarify the definition of 'materiality' and improve the standards' consistency, but are not expected to have a material effect on the preparation of financial statements. The amendment is mandatory for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 Presentation of Financial Statements – the amendments clarify the presentation of non-current and current liabilities. The amendments are effective for financial statements for periods beginning on or after 1 January 2020. As at the date of these consolidated financial statements, this amendment has not yet been endorsed by the European Union.

Amendments to IFRS 9, IAS 39 and IFRS 7 related to IBOR reform – issued in 2019, amend certain specific hedge accounting requirements, mainly to ensure that the interest rate benchmark reform (IBOR reform) does not generally result in hedge accounting being terminated. The amendments are effective for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 Presentation of Financial Statements – the Board has published amendments to IAS 1 to clarify the presentation of non-current and current liabilities. The amendments are effective for financial statements for periods beginning on or after 1 January 2020. As at the date of preparation of these financial statements, the amendments have not been endorsed by the European Union.

IFRS 14 Regulatory Deferral Accounts The standard permits an entity which is a first-time adopter of IFRS (on or after 1 January 2016) to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRSs and do not account for such activities, in accordance with IFRS 14 amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of comprehensive income. The European Union has decided not to endorse IFRS 14.

Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture The amendments address the current inconsistency between IFRS 10 and IAS 28. The accounting approach depends on whether non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The amendments were issued on 11 September 2014. As at the date of preparation of these financial statements, endorsement of the amendments has been postponed by the European Union

“The effective dates are set in the text of the standards issued by the International Accounting Standards Board. The effective dates of the standards for application in the European Union may differ from those specified in the text of the standards and are announced on endorsement of a standard by the European Union.

The Company has not elected to early adopt any of the standards, interpretations or amendments that have been published but are not yet effective.

The Company is currently analysing the effect of these amendments on its financial statements.

2. 2 Status of Standards Approval in the European Union

The Company intends to adopt, as of respective effective dates, standards and amendments to the existing standards and interpretations which were published by the International Accounting Standards Board but were not yet effective as at the date of authorisation of these separate financial statements.

2. 3 **Basis of preparation**

These 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 on a historical cost basis, except for cash-settled share-based payments which are measured at fair value.

Metody wyceny wartości godziwej zostały przedstawione w nocie 3.

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**

In these financial statements all amounts are 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 2020 <i>(unaudited)</i>	31 December 2019	30 June 2019 <i>(unaudited)</i>
EUR	4,4660	4,2585	4,2520
USD	3,9806	3,7977	3,7336
RON	0,9220	0,8901	0,8976

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

The preparation of financial statements in accordance with EU IFRS requires that the Management Board makes 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>for the six months ended 30 June</i>	2020	2019
MLP Pruszków I Sp. z o.o.		29%	48%
MLP Pruszków III Sp. z o.o.		13%	10%
MLP Logistic Park Germany I Sp. z o.o. & Co. KG		1%	0%
MLP Pruszków V Sp. z o.o.		6%	3%
MLP Pruszków IV Sp. z o.o.		9%	6%
MLP Pruszków II Sp. z o.o.		13%	3%

4. Revenue

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Property management		2 216	1 929
Project management		481	428
Advisory services		1 512	1 668
Recharge of services		244	401
Total revenue		4 453	4 426
<i>- including from related entities</i>		<i>4 433</i>	<i>4 412</i>

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

5. Other income

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Other		270	5
Other income		270	5

6. Other expenses

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Other expenses		-	(1)
Other expenses		-	(1)

7. Distribution costs and administrative expenses

<i>for the six months ended 30 June</i>	2020	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation and amortisation	(246)	(370)
Raw materials and consumables used	(113)	(127)
Services	(2 930)	(2 655)
Taxes and charges	(32)	(33)
Wages and salaries	(1 218)	(1 073)
Social security and other employee benefits	(276)	(265)
Other expenses by nature	(89)	(224)
Distribution costs and administrative expenses	(4 904)	(4 747)

Distribution costs and administrative expenses for the period of six months ended 30 June 2020 were PLN 4,904 thousand. In most part they included 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>for the six months ended 30 June</i>	2020	2019
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans to related entities	6 127	2 798
Dividend income	12 046	133
Other	5	8
Net exchange differences	-	292
Total finance income	18 178	3 231
Interest expense on non-bank borrowings from related entities	(1 868)	(1 332)
Interest on bonds	(3 224)	(1 856)
Net exchange differences	(580)	-
Other finance costs	(160)	(108)
Total finance costs	(5 832)	(3 296)

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 information on finance income and costs of related entities, see Note 24.3.

9. Income tax

	<i>for the six months ended 30 June</i>	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Income tax on dividend received	-	-
Temporary differences/reversal of temporary differences	260	(99)
Income tax	260	(99)

Effective tax rate

	<i>for the six months ended 30 June</i>	
	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Profit before tax	12 165	(382)
Tax at the applicable tax rate (19%)	(2 311)	73
Dividend income	-	25
Use of deferred tax asset written off in previous years	371	-
Unrecognised asset on tax loss	-	(71)
Non-taxable income	1 681	74
Expenses not deductible for tax purposes	(1)	(2)
Income tax	(260)	99

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

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Gross amount at beginning of period		123 396	123 361
Acquisition of shares in MLP Wrocław West Sp. z o.o.		-	5
Acquisition of shares in MLP Business Park Berlin I GP sp. z o.o.		-	5
Acquisition of shares in MLP Łódź II sp. z o.o.		-	5
Acquisition of shares in MLP Poznań East sp. z o.o.		-	5
Acquisition of shares in MLP Schwalmtal LP sp. z o.o.		-	5
Acquisition of shares in MLP Schwalmtal GP sp. z o.o.		-	5
Acquisition of shares in MLP Property I sp. z o.o.		-	5
Gross amount at end of period		123 396	123 396
Net amount at end of period		123 396	123 396

As at 30 June 2020, 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 2020	31 December 2019	30 June 2020	31 December 2019
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%

Entity	Country of registration	Direct and indirect interest in equity		Direct and indirect interest in rights	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
MLP Business Park Berlin I LP Sp. z o.o. (formerly 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%
MLP Wrocław West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Business Park Berlin I GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź II sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań East sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal LP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal GP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property I sp. z o.o.	Poland	100%	100%	100%	100%
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Schwalmtal Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%

11. Long-term investments

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Long-term loans to related entities		435 794	253 707
		435 794	253 707

12. Short-term investments

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Short-term loans to related entities		15 374	33 883
Short-term investments		15 374	33 883

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

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

	<i>Shares</i>
Amount as at 31 December 2019	123 396
Amount as at 30 June 2020*	123 396

	<i>Loan assets</i>
Amount as at 31 December 2019	287 590
Loan advanced	195 320
Repayment of principal	(49 000)
Interest accrued	6 127
Payment of interest on loan	(117)
Realised foreign exchange gains/(losses)	1 219
Change in carrying amount	10 029
Amount as at 30 June 2020*	451 168

* Unaudited.

14. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net amount	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
<i>as at</i>	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	
Loans and non-bank borrowings	(398)	-	-	116	(398)	116
Tax loss	(1 134)	(2 030)	-	-	(1 134)	(2 030)
Other	(384)	(517)	-	-	(384)	(517)
Bonds	(348)	(93)	-	-	(348)	(93)
Deferred tax assets / liabilities	(2 264)	(2 640)	-	116	(2 264)	(2 524)

	1 January	changes	31 December	changes	30 June 2020
	2019	recognised in	2019	recognised in	(unaudited)
		profit or loss		profit or loss	
Loans and non-bank borrowings	(891)	1 007	116	(514)	(398)
Tax loss	(1 434)	(596)	(2 030)	896	(1 134)
Other	(253)	(264)	(517)	133	(384)
Bonds	(97)	4	(93)	(255)	(348)
	(2 675)	151	(2 524)	260	(2 264)

As at June 30th 2020, the unrecognised deferred tax asset for tax loss as at 30 June 2020 was PLN 0 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.

15. Trade and other receivables

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Trade receivables from related entities		2 138	2 058
Trade receivables from other entities		7	6
Taxes and social security receivable		179	75
Prepayments and accrued income		1 574	694
Dividend receivable		6 915	6 915
Interim dividend		-	3 985
Other		74	81
Trade and other receivables		10 887	13 814

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

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

	30 June 2020*		31 December 2019	
	Gross receivables	Impairment loss	Gross receivables	Impairment loss
Not past due	7 930	-	11 890	-
Past due from 1 to 90 days	316	-	1 045	-
Past due from 91 to 180 days	146	-	81	-
Pas due over 180 days	742	-	29	-
Total receivables	9 134	-	13 045	-

* Unaudited.

16. Cash and cash equivalents

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Cash in hand		4	8
Cash at banks		22 829	40 655
Short-term deposits		-	1 271
Cash and cash equivalents in the separate statement of financial position		22 833	41 934
Cash and cash equivalents in the separate statement of cash flows		22 833	41 934

The Company has no restricted cash.

17. Equity

17. 1 Share capital

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
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 2020, the share capital of MLP Group S.A. amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares conferring 18,113,225 voting rights in the Company. The par value is PLN 0.25 per share and the entire share capital is paid up.

On June 29th 2020, the Annual General Meeting of MLP Group S.A. passed a resolution amending the Company's Articles of Association in view of the changing market situation and to ensure a flexible approach and enable the Company to respond quickly, in particular to enable the Company to make investments.

Pursuant to the resolution, the Company's Management Board has been authorised to increase the Company's share capital by no more than PLN 815,096 (the "Authorised Capital") for a period of up to three years from the date of registration by the competent registry court of the amendments to the Articles of Association. The Management Board may exercise the authorisation by increasing the share capital once or multiple times by way of one or multiple share issues, within the limit of the Authorised Capital. An increase in the share capital up to the amount of the Authorised Capital may be made only for cash contributions. Shares issued under the authorisation within the limits of the Authorised Capital will not bear any preference over the existing shares. This authorisation does not include the right to increase the share capital from the Company's own resources.

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 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	56,98%
Other shareholders	1 833 620	10,12%
THESINGER LIMITED	1 771 320	9,78%
Aegon Powszechno Towarzystwo Emerytalne S.A.	1 166 133	6,44%
MetLife OFE	1 679 502	9,27%
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 17.30% 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 the weighted average number of shares outstanding in the reporting period. Diluted earnings per share for each period are calculated as quotient of the net profit/(loss) the period by the sum of the weighted average number of ordinary shares in the reporting period and all potential dilutive shares.

	<i>for the six months ended 30 June</i>	2020	2019
		<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit/(loss) for the period		11 905	(283)
Weighted average number of outstanding shares		18 113 255	18 113 255
Earnings per share for period (PLN per share):			
- basic		0,66	(0,02)
- diluted		0,66	(0,02)
There were no dilutive factors in the presented periods.			

19. Non-bank borrowings and other debt instruments

19. 1 Non-current liabilities

	<i>as at</i>	30 June 2020	31 December 2019
		<i>(unaudited)</i>	
Bonds ¹⁾		267 960	127 755
Non-bank borrowings from related entities		118 722	114 880
Non-current liabilities under non-bank borrowings and other debt instruments		386 682	242 635

¹⁾ On 19 February 2020, the Company issued, by way of public offering, 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 30,000,000. The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00058. The securities will be listed in the continuous trading system, with ticker symbol "MLP0225".

The bonds will pay variable interest at 6M EURIBOR plus margin. The bonds were issued as unsecured bonds. The objectives of the issue were not specified.

The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00041.

Pursuant to a resolution of the Management Board of the Warsaw Stock Exchange of 21 February 2020, 26 February 2020 was set as the first day of trading in Series C bearer bonds in the alternative trading system on Catalyst.

19. 2 Current liabilities

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Bonds		1 829	491
Non-bank borrowings from related entities		55 438	54 305
Current liabilities under non-bank borrowings and other debt instruments		57 267	54 796

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

For more information on borrowings 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 2019	128 246
Issue of bonds	128 142
Interest accrued on bonds	3 233
Interest paid on bonds	(1 913)
Change in carrying amount	12 081
Amount as at 30 June 2020*	269 789

	<i>Non-bank borrowings from related entities</i>
Amount as at 31 December 2019	169 185
Repayment of principal	(2 001)
Interest accrued/ paid/ capitalised	1 679
Realised foreign exchange gains/(losses)	43
Change in carrying amount	5 254
Amount as at 30 June 2020*	174 160

* Unaudited.

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
Private bonds – Series C ¹⁾	EUR	30 000 000	2025-02-19	6M EURIBOR + margin	none	Catalyst

¹⁾ By Resolution of 21 February 2020, the WSE Management Board decided to introduce 30,000 Series C bearer bonds of MLP Group S.A., with a nominal value of EUR 1,000 per bond, to the Catalyst alternative trading system. 26 February 2020 was the first day of trading in the Bonds on Catalyst. The Bonds will be listed in the continuous trading system under the abbreviated name of "MLP0225".

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

Loan from	currency	effective rate (%)	as at 30 June 2020*		31 December 2019			
			matures in foreign currency	in PLN	matures in foreign currency	in PLN		
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2027	14 248	63 632	2027	14 074	59 935
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2021	290	1 293	2021	288	1 227
MLP Pruszków I Sp. z o.o.	EUR	3M EURIBOR + margin	2020	505	2 254	2020	502	2 138
MLP Pruszków I Sp. z o.o.	PLN	3M WIBOR + margin	2020	-	7 782	2020	-	8 620
MLP Pruszków I Sp. z o.o.	PLN	3M WIBOR + margin	2026	-	41 115	2026	-	40 504
MLP Pruszków I Sp. z o.o.	EUR	1M EURIBOR + margin	2020	7 197	32 142	2020	7 167	30 520
MLP Pruszków III Sp. z o.o.	EUR	3M EURIBOR + margin	2027	7	33	2027	297	1 267
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2027	2 144	9 575	2027	2 132	9 077
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2020	404	1 803	2020	402	1 710
MLP Bieruń Sp. z o.o.	EUR	3M EURIBOR + margin	2027	6	27	2027	6	27
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	PLN	3M WIBOR + margin	2020	-	11 457	2020	-	11 317
MLP Temp Sp. z o.o.	EUR	3M EURIBOR + margin	2025	672	2 999	2025	668	2 843
Fenix Polska Sp. z o.o.	PLN	3M WIBOR + margin	2025	-	48	-	-	-
Total				25 473	174 160		25 536	169 185

* Unaudited.

20. Employee benefit obligations

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Special accounts		157	157
Provision for bonuses		-	650
Employee benefit obligations		157	807

21. Trade and other payables

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Trade payables to related entities		4	87
Trade payables to other entities		1 146	643
Taxes and social security payable		146	359
Accrued expenses		1 976	2 028
Investment and other commitments		(1)	-
Interim dividend received MLP Pruszków I Sp. z o.o.		-	12 046
Trade and other payables		3 271	15 163

For information on liabilities to related parties, see Note 24

The table below presents the aging of trade and other payables:

	<i>as at</i>	30 June 2020 <i>(unaudited)</i>	31 December 2019
Not past due		2 964	14 517
Past due from 1 to 90 days		69	171
Past due from 91 to 180 days		15	30
Pas due over 180 days		77	86
Total trade and other payables		3 125	14 804

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 value of financial assets and financial liabilities as at 30 June 2020 and 31 December 2019 was equal to the 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:** 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 2020 <i>(unaudited)</i>	31 December 2019
Financial assets measured at amortised cost:			
Cash and cash equivalents		22 833	41 934
Loans and receivables, including:			
• Trade and other receivables		9 134	13 045
• Loans		451 168	287 590
		483 135	342 569
Total financial assets		483 135	342 569
Measurement of assets at amortised cost as at 30 June 2020*			
	Stage 1	Stage 2	Stage 3
Gross carrying amount	480 990	2 145	-
Cash and cash equivalents	22 833	-	-
Loans and receivables, including:			
• Trade and other receivables	6 989	2 145	-
• Loans	451 168	-	-
Impairment losses (IFRS 9)	-	-	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	-	-
• Loans	-	-	-
Carrying amount (IFRS 9)	480 990	2 145	-

* Unaudited.

Measurement of assets at amortised cost as at 31 December 2019

	Stage 1	Stage 2	Stage 3
Wartość brutto	342 569	-	-
Cash and cash equivalents	41 934	-	-
Loans and receivables, including:			
Trade and other receivables	13 045	-	-
Loans	287 590	-	-
Impairment losses (IFRS 9)	-	-	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
Trade and other receivables	-	-	-
Loans	-	-	-
Carrying amount (IFRS 9)	342 569	-	-

22. 1.2 Financial liabilities

	as at	30 June 2020 (unaudited)	31 December 2019
Financial liabilities measured at amortised cost:			
Non-bank borrowings		174 160	169 185
Trade and other payables		3 125	14 804
Bonds		269 789	128 246
		447 074	312 235
Total financial liabilities		447 074	312 235

23. Contingent liabilities and security instruments

In the period ended 30 June 2020, the Company recognised the following changes in contingent liabilities and security instruments:

- Under the support agreement of 20 January 2020, MLP Group S.A. agreed to provide support to MLP Wrocław Sp. z o.o. in the event of cost overruns for building C.1.2.
- Under the support agreement of 20 January 2020, MLP Group S.A. agreed to provide support to MLP Wrocław Sp. z o.o. in the event of cost overruns for building A.2.
- Under the support agreement of 30 March 2020, MLP Group S.A. agreed to provide support to MLP Pruszków V Sp. z o.o. in the event of cost overruns for buildings C.1 and C.2.
- Under the support agreement of 17 January 2020, MLP Group S.A. agreed to provide support to MLP Czeladź Sp. z o.o. in the event of cost overruns for building A.3.
- Under the support agreement of 22 July 2020, MLP Group S.A. agreed to provide support to MLP Gliwice Sp. z o.o. in the event of cost overruns for building C.

The other contingent liabilities and security instruments disclosed in the separate financial statements for 2019 did not change in the six months ended 30 June 2020 and remain effective as at 30 June 2020.

24. Related-party transactions

24. 1 Trade and other receivables and payables

The balances of trade and other receivables and payables under related-party transactions as at 30 June 2020* were as follows:

	Trade and other receivables	Trade and other payables ¹⁾
Parent		
The Israel Land Development Company Ltd., Tel-Aviv	197	-
Other related parties		
MLP Pruszków I Sp. z o.o.	246	-
MLP Pruszków II Sp. z o.o.	71	-
MLP Pruszków III Sp. z o.o.	265	-
MLP Pruszków IV Sp. z o.o.	79	-
MLP Pruszków V Sp. z o.o.	52	-
MLP Poznań Sp. z o.o.	21	-
MLP Poznań II Sp. z o.o.	34	-
MLP Lublin Sp. z o.o.	58	-
MLP Teresin Sp. z o.o.	24	-
MLP Energy Sp. z o.o.	6 930	-
MLP Wrocław Sp. z o.o.	72	-
MLP Czeladź Sp. z o.o.	23	-
MLP Gliwice Sp. z o.o.	79	-
MLP Poznań West Sp. z o.o.	28	-
MLP Business Park Berlin I LP Sp. z o.o.	1	-
MLP Poznań West II Sp. z o.o.	14	1
MLP Wrocław West Sp. z o.o.	43	-
MLP Łódź II Sp. z o.o.	1	-
MLP Poznań East Sp. z o.o.	1	-
MLP Property I Sp. z o.o.	1	-
MLP Logistic Park Germany 1 Sp. z o.o. & Co. KG	666	-
MLP Bucharest West SRL	27	-
MLP Germany Management GmbH	12	3
MLP Business Park Berlin I Sp. z o.o. & Co. KG	92	-
MLP FIN Sp. z o.o. Spółka Komandytowa	7	-
Fenix Polska Sp. z o.o.	9	-
	8 856	4
Total	9 053	4

* Unaudited.

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 and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 30 June 2020.

	Loans	Non-bank borrowings
Other related parties		
MLP Pruszków I Sp. z o.o.	308	148 218
MLP Pruszków II Sp. z o.o.	11 715	-
MLP Pruszków III Sp. z o.o.	6 212	33
MLP Pruszków IV Sp. z o.o.	7 223	-
MLP Pruszków V Sp. z o.o.	23 350	-
MLP Poznań Sp. z o.o.	389	-
MLP Poznań II Sp. z o.o.	172	-
MLP Lublin Sp. z o.o.	23 744	-
MLP Teresin Sp. z o.o.	8 396	-
MLP Wrocław Sp. z o.o.	12 943	-
MLP Czeladź Sp. z o.o.	16 831	-
MLP Gliwice Sp. z o.o.	44 941	-
MLP Poznań West Sp. z o.o.	28 258	-
MLP Temp Sp. z o.o.	-	14 377
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	11 457
MLP Bieruń Sp. z o.o.	59	27
MLP Bieruń I Sp. z o.o.	2 092	-
Fenix Polska Sp. z o.o.	14 705	48
MLP FIN Sp. z o.o.	99	-
MLP Business Park Berlin I GP Sp. z o.o.	40	-
MLP Poznań East Sp. z o.o.	40	-
MLP Property I Sp. z o.o.	40	-
MLP Poznań West II Sp. z o.o.	79 709	-
MLP Bucharest West Sp. z o.o.	20 092	-
MLP Dortmund LP Sp. z o.o.	43	-
MLP Dortmund GP Sp. z o.o.	24	-
MLP Teresin II Sp. z o.o.	21	-
MLP Wrocław West Sp. z o.o.	25 157	-
MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k.	85	-
MLP Logistic Park Germany I Sp. z o.o. & Co KG.	33 175	-
MLP Bucharest West SRL	36 666	-
MLP Business Park Berlin I LP Sp. z o.o.	26 061	-
MLP Germany Management GmbH	2 075	-
MLP Business Park Berlin I Sp. z o.o. & Co. KG	20 235	-
MLP Schwalmtal Sp. z o.o. & Co. KG	6 188	-
MLP Schwalmtal LP Sp. z o.o.	40	-
MLP Schwalmtal GP Sp. z o.o.	40	-
Total	451 168	174 160

* Unaudited.

24. 3 Income and expenses

Below are presented income and expenses under related-party transactions for the six months ended 30 June 2020.*

Parent	Sale of services	Interest income	Other finance income
904 The Israel Land Development Company Ltd., Tel-Aviv	89	-	-
Other related parties			
101 MLP Pruszków I	1 281	-	12 046
102 MLP Pruszków II	120	121	-
103 MLP PRUSZKÓW III	601	35	-
104 MLP PRUSZKÓW IV	383	69	-
906 MLP Logistic Park Germany I Sp. z o.o. & Co. KG	45	538	-
106 MLP Poznań	107	5	-
107 MLP POZNAŃ II	168	2	-
108 MLP Lublin	303	295	-
109 MLP Teresin	135	95	-
110 MLP ENERGY	71	-	-
111 MLP Wrocław	227	186	-
112 MLP Czeladź	137	251	-
113 MLP Gliwice	212	484	-
114 MLP PROPERTY	-	2	-
115 MLP Poznań West	54	157	-
119 MLP BIERUŃ I	-	27	-
121 MLP FIN Sp.z o.o.	-	1	-
123 MLP Business Park Berlin I LP Sp. z o.o.	4	-	-
125 MLP POZNAŃ WEST II	100	1 136	-
126 MLP BUCHAREST WEST	-	347	-
127 MLP DORTMUND LP	-	1	-
130 MLP Pruszków V	270	467	-
131 MLP Wrocław West	66	252	-
132 MLP Łódź II Sp.z o.o.	2	302	-
901 MLP FIN Sp.z o.o. Sp.k.	-	1	-
902 Fenix Sp. z o.o.	-	296	-
907 MLP BUCHAREST WEST SRL	53	641	-
908 MLP Germany Management GmbH	1	28	-
910 MLP Business Park Berlin I Sp. z o.o. & Co. KG	4	306	-
909 MLP Schwalmtal Sp. z o.o. & Co. KG	-	82	-
	4 344	6 127	12 046
Total income	4 433	6 127	12 046

	Purchase of services and salaries	Interest expense
Other related parties		
MLP Pruszków I Sp. z o.o.	(27)	(1 632)
MLP Pruszków III Sp. z o.o.	-	(13)
MLP Teresin Sp. z o.o.	(3)	-
MLP Wrocław Sp. z o.o.	(3)	-
MLP Czeladź Sp z o.o.	(2)	-
MLP Gliwice Sp. z o.o.	(3)	-
MLP Temp Sp. z o.o.	-	(83)
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	(140)
MLP Germany Management GmbH	(33)	-
MLP Poznań West II Sp. z o.o.	(2)	-
	(73)	(1 868)

	Purchase of services and salaries	Interest expense
Key management personnel		
ROMI CONSULTING, Michael Shapiro	<i>patrz nota 27.</i>	(240)
RTK CONSULTING, Radosław T. Krochta	<i>patrz nota 27.</i>	(61)
PROFART, Tomasz Zabost	<i>patrz nota 27.</i>	(50)
Other key management personnel	<i>patrz nota 27.</i>	(304)
	(655)	-
Total expenses	(728)	(1 868)

* Unaudited.

25. Significant litigation and disputes

As at 30 June 2020, the Company was not party to any material litigation.

26. Significant events during and subsequent to the reporting period

On 9 December 2019, the Management Board of MLP Group S.A. passed Resolution No. 3/12/2019 to establish a bond issue programme (the "Programme"), pursuant to which on 18 December 2019 the Company entered into an agreement with Bank Polska Kasa Opieki S.A. of Warsaw, as the arranger, paying agent, dealer, technical agent, offering agent and bookrunner, and Pekao Investment Banking S.A. of Warsaw as the arranger, technical agent, offering agent and dealer (the "Agreement").

On 19 February 2020, the Company issued, by way of public offering, 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 30,000,000. The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00058. The securities will be listed in the continuous trading system, with ticker symbol "MLP0225".

The bonds will pay variable interest at 6M EURIBOR plus margin.

The bonds were issued as unsecured bonds. The objectives of the issue were not specified.

The bonds mature on 19 February 2025, with an early redemption option at the Company's discretion.

Pursuant to a resolution of the Management Board of the Warsaw Stock Exchange of 21 February 2020, 26 February 2020 was set as the first day of trading in Series C bearer bonds in the alternative trading system on Catalyst.

On 7 May 2020 a contract was concluded between MLP Group S.A. and Bin-Biuro Inżynierskie Sp. z o.o. for the design, obtaining a building permit, construction of a production and storage building, and construction of an office and social building on a turn-key basis at a property located in Tychy.

On June 29th 2020, the Annual General Meeting of MLP Group S.A. passed a resolution amending the Company's Articles of Association in view of the changing market situation and to ensure a flexible approach and enable the Company to respond quickly, in particular to enable the Company to make investments. For information on significant changes, see Note 17.1.

The potential impact of the coronavirus epidemic on the Company is presented in the Management Board' Report.

26. 1 Effect of the COVID-19 epidemic on the operations of MLP Group S.A. in the six months ended 30 June 2020

In late 2019, the first case of coronavirus disease was reported in China. In the first months of 2020, the virus spread across the world, with increasingly stronger adverse impacts. The management believes this situation does not require any adjustments to the 2019 full-year financial statements, but is considered an event subsequent to the reporting date that requires additional disclosures. Although the situation continues to be volatile at the time of issue of these financial statements, the Entity's management has not recorded any noticeable effect on its financial position, but future effects of the pandemic cannot be predicted. The management will continue to monitor the potential impact and take all reasonable steps to mitigate any adverse effects of the situation on the Entity.

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

		2020	2019
		<i>for the six months ended 30 June</i>	
Remuneration of the Management Board:			
• Remuneration and other benefits			
Radosław T. Krochta	<i>patrz nota 24.3</i>	61	62
Michael Shapiro	<i>patrz nota 24.3</i>	240	193
Tomasz Zabost	<i>patrz nota 24.3</i>	50	15
		351	270
Remuneration of the Supervisory Board:			
• Remuneration and other benefits			
Matusiak Maciej		15	15
Levy Eytan		15	15
Marfogel Shimshon		15	15
Piotr Chajderowski		15	15
Daniel Nimrodi		15	15
Guy Shapira		15	15
		90	90
Total remuneration paid or due to Management and Supervisory Board members		441	360
Other management personnel:			
• Remuneration and other benefits			
	<i>patrz nota 24.3</i>	304	275
		304	275
Total remuneration paid or due to Management and Supervisory Board members		745	635

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 2020 <i>(unaudited)</i>	31 December 2019
Number of employees		19	19

Signed with a qualified electronic signature.

Radosław T. Krochta
President of the

Michael Shapiro
*Vice President of the
Management Board*

Tomasz Zabost
Member of the Management

Maria Ratajczyk
*Signature of the person
preparing the financial*

Pruszków, 25 August 2020



**Management Board's Report
on the activities of
the MLP Group S.A. Group
for the six months ended 30 June 2020**

This Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2020 has been prepared in accordance with 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 for issue of the Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2020

This Management Board's report on the activities of the MLP Group S.A. Group for the six months ended 30 June 2020 was prepared and authorised for issue by the Management Board of MLP Group S.A. on 25 August 2020.

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management

Michael Shapiro
*Vice President of the
Management Board*

Tomasz Zabost
Member of the Management

Pruszków, 25 August 2020

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, 05-800 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 2020, 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 Business Park Berlin I LP Spółka z ograniczoną odpowiedzialnością (formerly: 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%
33	MLP Wrocław West Sp. z o.o.	Poland	100%	100%
34	MLP Business Park Berlin I GP Sp. z o.o.	Poland	100%	100%
35	MLP Łódź II sp. z o.o.	Poland	100%	100%
36	MLP Poznań East sp. z o.o.	Poland	100%	100%
37	MLP Schwalmthal LP sp. z o.o.	Poland	100%	100%
38	MLP Schwalmthal GP sp. z o.o.	Poland	100%	100%
39	MLP Property I sp. z o.o.	Poland	100%	100%
40	MLP Business Park Berlin I Sp. z o.o. & Co. KG	Germany	100%	100%
41	MLP Schwalmthal Sp. z o.o. & Co. KG	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 operates eleven logistics parks in the following key locations: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Gliwice, MLP Czeladź, MLP Poznań West, MLP Wrocław West and MLP Łódź. Under a property development contract, the Group was also responsible for the commercialisation of the MLP Bieruń logistics park for the project owner DEKA Immobilien | West Invest. The complex was sold in 2015. In the first quarter of 2019, the commercialisation process was completed.

In Germany, the Group currently operates three logistics parks: MLP Unna, MLP Business Park Berlin, and MLP Niederrhein. In Romania, the Group owns the logistics park MLP Bucharest West. The total area of the Group's land bank is 106.19 ha.

The Group has also signed a number of reservation agreements to purchase new land for planned logistics parks in Poland, Germany and Austria.

In Poland, the land bank was expanded to include land designated for future projects in: Stryków – ca. 45 ha, Pruszków – ca. 20 ha (extension of the existing MLP Pruszków II park), and Poznań – ca. 10 ha (extension of the existing MLP Poznań West II park).

In Germany, the MLP Group companies have reserve agreements for land lots in Gelsenkirchen (ca. 11 ha), Cologne (ca. 6 ha) and Vienna (ca. 10 ha).

The current and potential portfolio of properties managed by MLP Group includes a total of fifteen logistics parks located in the three markets – Poland, Germany and Romania.

The Group currently operates two types of warehouse space formats:

(1) **big box storage facilities**, i.e. large-scale storage facilities with an area of ca. 5,000 m², including BTS facilities, built to order for a specific tenant, and

(2) **City Logistics facilities**. Projects are developed and operated as MLP Business Parks, offering small storage modules (from 500 m²) with office facilities (ca. 20% of total warehouse space), located in urban agglomerations. The first project of this type is MLP Business Park Berlin.

The Group's key customers include logistics, production and e-commerce companies. The structure of tenants is distributed proportionally across the business segments.

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 structure of the Group's property portfolio by property category as at 30 June 2020 is presented below.

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	168 280	168 280	-	-
MLP Pruszków II	Brwinów	309 048	193 041	28 901	163 620
MLP Poznań	Poznań	89 935	48 356	-	83 092
MLP Poznań West	Dąbrówka	82 818	26 430	-	117 555
MLP Lublin	Lublin	48 314	46 432	-	3 780
MLP Teresin	Teresin	37 954	37 954	-	-
MLP Gliwice	Szalsza	52 888	35 564	8 820	17 280
MLP Wrocław	Mirków	63 234	46 514	-	33 768
MLP Wrocław West	Mokronos Dolny	31 000	-	8 640	90 824
MLP Czeladź	Czeladź	68 332	18 899	-	98 882
MLP Łódź ³⁾	Łódź	71 100	-	-	179 440
MLP Unna ²⁾	Unna	56 500	27 041	56 500	-
MLP Business Park Berlin ¹⁾	Berlin	17 953	-	17 953	-
MLP Niederrhein ⁴⁾	Schwalmtal	64 000	-	-	125 000
MLP Bucharest West	Bukareszt	99 000	22 910	-	148 704
MLP Poznań Business Park	Poznań	26 021	26 021	-	-
Total		1 286 377	697 442	120 814	1 061 945

¹⁾ On 23 December 2019, the Group purchased 5 ha of land for development of MLP Business Park Berlin. MLP Business Park Berlin will be the Group's first City Logistic project.

²⁾ On 4 April 2017, MLP Logistic Park Germany I Sp. z o.o. &Co KG. purchased a land property with an area of 12.5 ha, developed with warehouse and office buildings. The MLP Unna Logistics Park is located on the land and comprises buildings which are planned to be demolished as the Group intends to build new storage facilities instead. * Some of the facilities at the MLP Unna logistics park are old buildings that are partly leased (leased space: 19,138 m²). The Company signed a contract with the tenant for delivery of a new facility with a total area of 56,500 m², to be constructed after the existing old buildings are demolished. The construction process is expected to start in 2021.

³⁾ By the date of issue of this report, MLP Łódź II Sp. z o.o. purchased 15.7 ha of land of the planned 18 ha.

⁴⁾ In November 2019, MLP Schwalmtal Sp. z o.o. & Co. KG concluded a preliminary agreement for the sale of 12.5 ha of land, to be used for development of MLP Niederrhein, a new logistics park. The transaction will be completed by the end of 2020.

Summary of the leasable space owned by the Group as at 30 June 2020 (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:					
1 048 924	647 491	46 361	609 140	46 361	38 351
GERMANY:					
138 453	27 041	74 453	19 138	56 500	7 903
ROMANIA:					
99 000	22 910	-	12 395	-	10 515
1 286 377	697 442	120 814	640 673	102 861	56 769

Types of rental space offered:

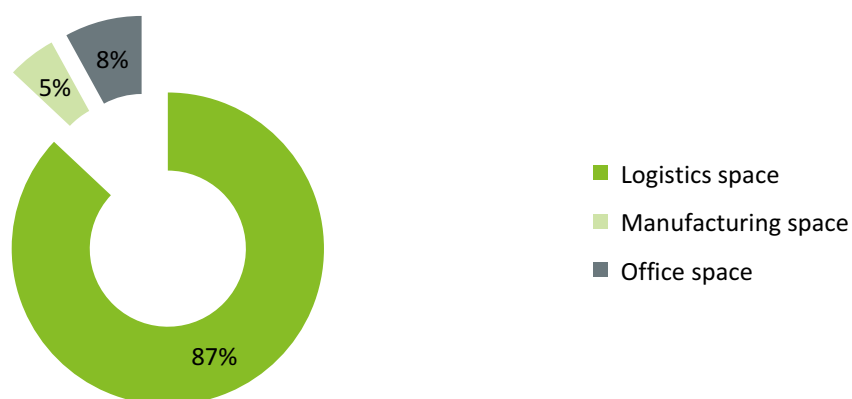
The Group offers two types of space to its tenants:

- 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 at the Group's parks as at 30 June 2020:

Space completed at the Group by type of facility as at 30 June 2020



Fair value of the Group's property portfolio as at 30 June 2020:

Logistics park	Fair value EUR thousand	Fair value PLN thousand
MLP Pruszków I	90 230	402 967
MLP Pruszków II	141 390	631 448
MLP Poznań	31 710	141 617
MLP Lublin	34 950	156 087
MLP Teresin	16 910	75 520
MLP Gliwice	30 740	137 285
MLP Wrocław	30 390	135 722
MLP Czeladź	19 140	85 479
MLP Poznań West	21 680	96 823
MLP Poznań Business Park	7 030	31 396
MLP Łódź	4 570	20 410
MLP Wrocław West	5 500	24 563
MLP Business Park Berlin	4 050	18 087
MLP Unna	20 600	92 000
MLP Bucharest West	16 890	75 407
Total	475 780	2 124 811

The value of investment property portfolio disclosed in the consolidated financial statements as at 30 June 2020 included: (i) market value of investment property of PLN 2,124,811 thousand, (ii) perpetual usufruct right to land of PLN 32,939 thousand, and expenditure on future projects of PLN 5,972 thousand at new locations of interest to the Group.

1. 4 Market, customers and suppliers

The Group's property portfolio currently comprises eleven logistics parks at the following key locations in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Gliwice, MLP Czeladź, MLP Poznań West, MLP Wrocław West, MLP Łódź and MLP Poznań Business Park. In Germany, the Group currently has three logistics parks: MLP Unna, MLP Business Park Berlin, and MLP Niederrhein. In Romania, the Group owns the logistics park 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 Germany, and since July 2019 – also in Romania. The table below presents the types of revenue derived from lease of the properties.

Revenue for the six months ended 30 June	2020	2019	change (%)
Sales to external customers:			
Rental income from investment property	48 441	38 663	25,3%
Recharge of service charges	17 923	12 308	45,6%
Recharge of utility costs	17 033	14 428	18,1%
Other revenue	777	711	9,3%
Revenue from development contract concluded by MLP Bieruń Sp. z o.o. ¹⁾	-	1 360	-100,0%
Total	84 174	67 470	24,8%

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 2020, the average space of income-generating properties per tenant was approximately 3.7 thousand m² (30 June 2019: 6.2 thousand m²).

As at 30 June 2020, the 10 largest tenants occupied about 37% of the total leased space at all of the Group's parks (30 June 2019: 43%).

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 the six months ended 30 June 2020, the Group cooperated with Pekabex Bet S.A. and Wielkopolskie Przedsiębiorstwo Inżynierii Przemysłowej Spółka Komandytowa under the general contractor system, and the Group's turnover with these 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 the six months ended 30 June 2020, 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 2020

In the six months ended 30 June 2020, the Group continued its business activities consisting in the construction and lease of warehouse and office space. Construction work was mainly outsourced to specialist third-party service providers on a general contractor basis.

In the reporting period, the Group carried out several property development projects and leased more than 697 thousand m² of the existing warehouse and office space. The Management Board of the Company 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 the six months ended 30 June 2020, the Group was engaged in the construction of projects with a total area of 144,485 m², with a further 74,453 m² under preparation, so the total area of the projects was 218,938 m².

Out of the total, 88,824 m² was attributable to projects commenced in 2019 and completed in 2020. In 2020, the Group has launched projects with a total area of 55,661 m², of which 9,300 m² has been completed (MLP Pruszków II). As at 30 June 2020, the Group had two investment projects under preparation at logistics parks in Germany - 56,500 m² at MLP Unna and 17,953 m² at MLP Business Park Berlin I. The projects are scheduled to be completed in 2021 and 2022.

2. 1.2 Projects under construction and under preparation

In the six months ended 30 June 2020, the Group worked on development projects with a total area of 218,938 m². Of these projects, in the six months ended 30 June 2020 a total area of 98,124 m² was were completed mainly at the following parks: MLP Pruszków II (45,524 m²), MLP Wrocław (21,370 m²), MLP Gliwice (8,813 m²), MLP Poznań West (11,690 m²) and MLP Bucharest (10,515 m²).

As at 30 June 2020, 46,361 m² of space was under construction at MLP Pruszków II and MLP Wrocław West.

In line with its strategy, the Group will focus on expanding its existing logistics parks in Poland and on foreign markets (i.e. building warehouse space on its land) and on building BTS projects outside the existing parks. The Group is also actively seeking attractive land for new logistics projects.

Projects are carried out on a BTS basis, i.e. launch of the investment process is conditional upon execution of a lease contract with a potential tenant.

2. 1.3 Material agreements

Significant suppliers with whom agreements for a total value exceeding 10% of the Group's equity were concluded in the six months ended 30 June 2020

In the six months ended 30 June 2020, the Group did not enter into any agreements with a single supplier where the total amount of payments to the supplier 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 the six months ended 30 June 2020, 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 23 to the Group's interim consolidated financial statements for the six months ended 30 June 2020.

2. 1.7 Litigation

Proceedings pending before courts, arbitration bodies or public administration bodies

As at 30 June 2020, the Group was party to proceedings with a total amount of liabilities and claims under litigation of approximately PLN 5,745 thousand, including liabilities under litigation of approximately PLN 3,946 thousand (of which PLN 3,867 thousand relates to the Depenbrock Polska Sp. z o.o. sp.k. case), and claims under litigation of approximately PLN 1,799 thousand.

On 16 July 2018, the final judgment 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 commenced.

On 17 March 2020, MLP Poznań West Sp. z o.o. sold the receivable to Druga-Ogrodowa 12 Spółka z ograniczoną odpowiedzialnością sp.k. The price was paid by the buyer by way of transfer to MLP Poznań West Sp. z o.o. of usufruct rights to plots of land forming part of real property located at ul. Wołczyńska 18 in Poznań.

Court case brought by OLPIZ Sp. z o.o. against MLP Sp. z o.o., concerning payment of PLN 5,406,352.46, was closed with the final judgment dismissing the claim.

MLP Teresin sp. z o.o./MLP Poznań II sp. z o.o.'s claims against Piotr i Paweł S.A. which arose before 12 September 2018 are subject to composition proceedings. Under the composition arrangement of 2 March 2020, MLP Teresin sp. z o.o./MLP Poznań II sp. z o.o. were classified as Category 2 creditors, and their cash claims against Piotr and Paweł S.A. were reduced: the principal and incidental claims (including interest) were reduced by 80% and 95%, respectively, with the balance of the principal and incidental claims (20% and 5%, respectively) to be paid in cash on a one-off basis.

On 31 January 2020, MLP Gliwice Sp. z o.o. received a court judgment, issued on 22 January 2020, in which the court ruled in favour of DEPENBROCK Polska Sp. z o.o. sp. k. and ordered MLP Gliwice Sp. z o.o. to pay to DEPENBROCK Polska Sp. z o.o. sp. k. EUR 865,777.48 and reimburse the court costs of PLN 15,017.00. On 13 February 2020, the Company appealed against the judgment. The dispute concerns unpaid invoices for development work, with the payments withheld due to improperly performed services. The Company holds cash necessary to pay the liability.

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 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 Group mitigates the risk by constantly monitoring the Group's exposures, maintaining the exposures them within assumed limits, and seeking to optimise the rate of return on investment. The risk mitigating measures include applying hedge accounting to minimise the impact of volatility of market prices on financial results.

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. Some of the Group's costs, such as certain construction costs, labour costs and wages, are denominated in PLN, but the vast majority of construction costs are denominated in EUR.

To mitigate the currency risk, the Group companies use primarily natural hedging by raising debt financing denominated in EUR. 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 and service providers (project contracts with general contractors) denominated in EUR. If the Group's currency position is short in the EUR-PLN pair, 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 monetary policy of central banks, 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 financial liabilities and thus affect the Group's 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 their 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 for prospective projects with a total area of approximately 106.2 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.

Risk of the actual and potential influence of COVID-19 on the Company's business

In late 2019, the first case of coronavirus disease was reported in China. In the first months of 2020, the virus spread across the world, with increasingly stronger adverse impacts. The management believes this situation does not require any adjustments to the 2019 full-year financial statements, but is considered an event subsequent to the reporting date that requires additional disclosures. Although the situation continues to be volatile at the time of issue of these financial statements, the Group's management has not recorded any noticeable effect on its financial position, but future effects of the pandemic cannot be predicted. The management will continue to monitor the potential impact and take all reasonable steps to mitigate any adverse effects of the situation on 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 and Austria. 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 tenants are increasingly interested in City Logistics facilities (small modules offering modern warehouse space with office space finished to high standard) and big-box facilities.

After the temporary but sharp decline in industrial output in April and May 2020, caused by the Covid-19 pandemic, June saw the situation stabilise. Economic activity is recovering, with the sentiment among consumers and companies improving, which provides grounds for optimism as to the development of the warehouse space market in the later months of the year.

Warehouse space market in 2020

• Poland

The Polish warehouse space market proved to be very resilient to the Covid-induced economic shocks. The growth of e-commerce has generated additional demand for warehouse space.

In the six months ended 30 June 2020, 2.38 million m² of warehouse space was leased, an increase of 25% year on year, with new contracts and expansion responsible for 75% of the total demand. In the second quarter alone, 1.36 million m² was leased, i.e. over 50% more year on year. An increase in short-term contracts (under two years) was particularly noticeable. Tenants assumed that after the surge in e-commerce volumes caused by the pandemic, customers would return to their previous shopping habits once the epidemiological restrictions are eased or lifted.

The most popular among tenants were the main warehouse markets, in particular the Warsaw region, where 602.4 thousand m² was leased, followed by Upper Silesia and Central Poland, where demand was 396 thousand m² in each of the regions, and Poznań, with demand of 257 thousand m².

The total supply of warehouse space in Poland at the end of the second quarter 2020 was nearly 19.5 million m², an increase of 15.9% year on year. In the six months ended 30 June 2020, 1.1 million m² of new space was delivered, that is 9.6% more than a year ago. The largest amount of new space was added in the Warsaw region and in Lower and Upper Silesia. Currently 1.77 million m² of new space is under construction, or approximately 24% less than in the previous year, a result of a more cautious approach by developers. The share of speculative investments also shrank, to 33.6% from 45.3% at the end of March 2020.

The vacancy rate at the end of June 2020 increased by 0.8pp year-on-year, to 6.8%, and remained low. Compared with the three months ended 31 March 2020, the vacancy rate fell by 1pp, with rents in Poland remaining stable. In the big-box segment of the market, the base rates range of EUR 3.2 to EUR 3.6 per square metre per month. Warsaw continues to be the most expensive location, with base rates starting from EUR 4.8 per square metre per month.

Source: Polski rynek magazynowy w I połowie 2020 r, Axi Immo

• Germany

In the six months ended 30 June 2020, the volume of transactions on the German warehouse and logistics markets was 3 million m², which represents an 11% decrease year on year and relative to the 5-year average. However, the data show that the impact of the coronavirus pandemic on the warehouse space industry is less severe than initially feared. This suggests that demand will be again over 6 million m² per annum.

In the five largest regional warehouse markets in Germany, i.e. in Berlin, Düsseldorf, Frankfurt, Hamburg and Munich, the total amount of space leased was 881 thousand m². This represented an increase of 2% year on year, although the demand was ca. 10% below the 5- and 10-year averages. There was significant variation in market trends in the regions. While the regions of Berlin and Düsseldorf reported significant year-on-year decreases, of -36% and -40% respectively, the amount of space leased in the regions of Frankfurt and Hamburg increased by 6% and 10%, respectively. In the Munich region, the demand increased more than two and a half times.

Retail and e-commerce companies were responsible for a total of 56% of the demand. The distribution and logistics sector generated 20% of the demand and the share of manufacturing companies was 13%.

In the six months ended 30 June 2020, 250 thousand m² of new space was delivered in the five largest markets. Currently, approximately 1.04 million m² is under construction, with most of the new projects based in the Hamburg, Berlin and Frankfurt regions.

In the six months ended 30 June 2020, the highest monthly rates for warehouse facilities (of more than 5,000 m²) remained stable in all of the regions. The highest rate was in the Munich region (EUR 7.10/m²), followed by Hamburg and Frankfurt (EUR 6.40/m² and EUR 6.20/m², respectively). In Berlin and Düsseldorf the rate was EUR 5.50/m².

In the six months ended 30 June 2020, the volume of transactions in the other parts of Germany, outside the five largest markets, was 2.12 million m², i.e. 16% less than in the previous year. This volume was 12% below the 5-year average.

Source: JLL, Logistics and Industrial Market Overview, Germany, 2nd quarter 2020.

● **Romania**

In the first half of 2020, approximately 312 thousand m² of modern warehouse space was delivered in Romania. Of this amount, 73% was delivered in and around Bucharest, the country's most developed industrial region. The stock of modern warehouse space in Romania has thus reached 4.7 million m².

In the six months ended 30 June 2020, the total demand was 358 thousand m², that is over three times more year on year. 326 thousand m² (91% of the total volume) of this amount represented new contracts, and the balance of 32 thousand m² (9%) was renewals and extensions. Demand was well balanced between Bucharest and the regional cities, with the capital city accounting for 52% of the total.

The vacancy rate in Romania remains low at around 6.0%, while in Bucharest the vacancy rate is 7.7%. Rents are stable at EUR 4.0 per square metre per month.

In 2020, industrial developers are expected to complete the construction of about 336 thousand m², thus the overall supply on the Romanian market should exceed 5 million m² by year end.

Source: Romania Real Estate 2020 H1, Market Outlook, CBRE

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

3. 1 Key economic and financial data disclosed in the Group's interim condensed consolidated financial statements for the six months ended 30 June 2020

3. 1.1 Selected financial data from the condensed consolidated statement of financial position

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

	<i>as at</i>	30 June 2020	% share	31 December 2019	% share	Change (%)
ASSETS		2 369 330	100%	2 074 127	100%	14%
Non-current assets		2 193 048	93%	1 838 209	91%	19%
Including:						
Investment property		2 163 847	91%	1 809 850	86%	20%
Other long-term investments		25 253	2%	23 826	6%	6%
Current assets		176 282	7%	235 918	9%	-25%
Including:						
Short-term investments		23 522	1%	63 688	2%	-63%
Trade and other receivables		46 125	2%	67 128	2%	-31%
Other short-term investments		2 292	0%	2 774	0%	-17%
Cash and cash equivalents		102 719	4%	102 046	5%	1%

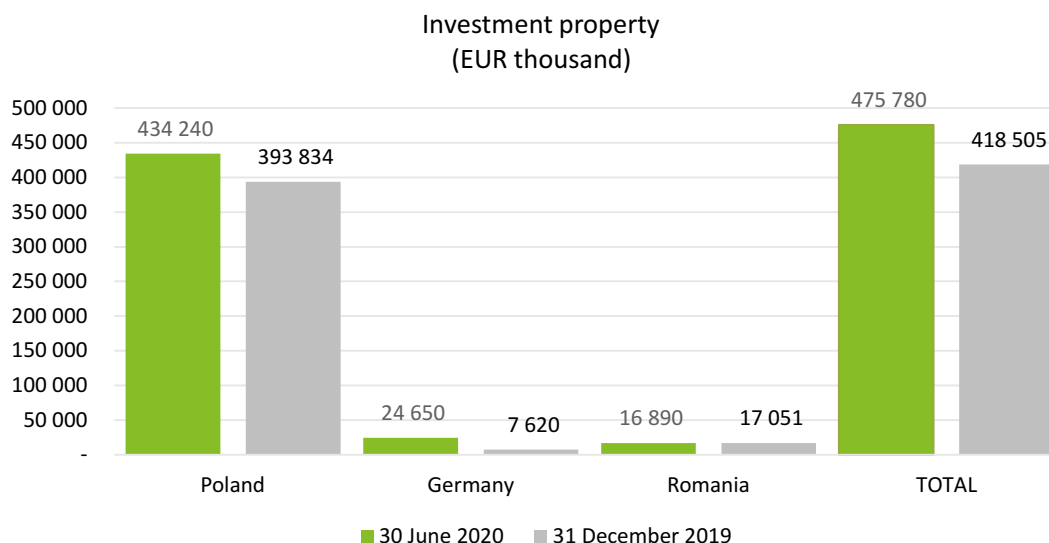
	<i>as at</i>	30 June 2020	% share	31 December 2019	% share	Change (%)
EQUITY AND LIABILITIES		2 369 330	100%	2 074 127	100%	14%
Total equity		1 052 054	44%	938 555	53%	12%
Non-current liabilities		1 219 122	51%	971 135	42%	26%
Including:						
Borrowings and other debt instruments, and other non-current liabilities		1 050 166	44%	825 845	35%	27%
Current liabilities		98 154	5%	164 437	5%	-40%
Including:						
Borrowings and other debt instruments		39 790	2%	54 429	2%	-27%
Trade and other payables		55 936	2%	108 546	3%	-48%

As at 30 June 2020, the Group's investment property, comprising logistics parks, continued to be the key item of the Group's assets, accounting for 91% of the total. The largest items of equity and liabilities were borrowings and other debt instruments, and equity. As at 30 June 2020, equity accounted for 44%, and non-current liabilities comprising borrowings and other debt instruments and other liabilities represented 51% of total equity and liabilities. The increase in liabilities under bank and non-bank borrowings, other debt instruments and other non-current and current liabilities was mainly attributable to the new credit facilities taken out by MLP Wrocław Sp. z o.o. and MLP Pruszków V Sp. z o.o. (proceeds from the facilities are used to finance the Group's continuous development – expansion of the existing and construction of new logistics parks), as well as the depreciation of the Polish currency against the euro.

Investment property

	<i>as at</i>	30 June 2020	30 June 2020	31 December	31 December	Change
		[EUR	[PLN	2019	2019	[EUR
		thousand]	thousand]	[EUR	[PLN	thousand]
				thousand]	thousand]	thousand]
MLP Pruszków I		90 230	402 967	90 030	383 393	200
MLP Pruszków II		141 390	631 448	128 224	546 042	13 166
MLP Poznań		31 710	141 617	31 750	135 207	(40)
MLP Lublin		34 950	156 087	34 293	146 037	657
MLP Teresin		16 910	75 520	16 870	71 841	40
MLP Gliwice		30 740	137 285	26 117	111 219	4 623
MLP Wrocław		30 390	135 722	28 800	122 645	1 590
MLP Czeladź		19 140	85 479	19 110	81 380	30
MLP Poznań West		21 680	96 823	18 640	79 378	3 040
MLP Poznań Business Park		7 030	31 396	-	-	7 030
MLP Łódź		4 570	20 410	-	-	4 570
MLP Wrocław West		5 500	24 563	-	-	5 500
MLP Business Park Berlin		4 050	18 087	-	-	4 050
MLP Unna		20 600	92 000	7 620	32 450	12 980
MLP Bucharest West		16 890	75 407	17 051	72 536	(161)
Valuation of the property portfolio		475 780	2 124 811	418 505	1 782 128	57 275

According to the valuations as at 30 June 2020, the total value of the Group's property portfolio was EUR 475,780 thousand (PLN 2,124,811 thousand), having increased by EUR 57,275 thousand on 31 December 2019. The change was mainly attributable to completion of projects in Poland and delivery of approximately 88 thousand m² of new space in 2020 (including at MLP Pruszków II – 45,526 m², MLP Wrocław – 21,370 m², MLP Poznań West – 11,690 m², and MLP Gliwice – 8,813m²), as well as the obtaining of permit to construct the facility at the MLP Unna logistics park. This resulted in a change in the valuation methodology applied with respect to this property. A new project for L-Shop Team will be implemented within the MLP Unna park. In the six months ended 30 June 2020, the Group and L-Shop Team signed a 15-year lease contract for a total space of 56.5 thousand m², to be delivered in 2022.



Investments and other investments

	<i>as at</i>	30 June 2020	31 December 2019
Other long-term investments		21 026	19 832
Long-term loans		4 227	3 994
Short-term loans		23 522	63 688
Other short-term investments		2 292	2 774
Total investments and other investments		51 067	90 288

Other long-term investments comprised non-current portion of restricted cash of PLN 21,026 thousand, including: (i) cash of PLN 11,919 thousand, set aside pursuant to the provisions of credit facility agreements to secure payment of principal and interest, (ii) PLN 4,048 thousand, a deposit created from a security deposit retained from the tenant, (iii) as well as other retained security deposits of PLN 5,059 thousand.

As at 30 June 2020, the amount of receivables under loans was PLN 39,933 thousand less than the amount as at year-end 2019. The change was mainly attributable to the settlement of a loan advanced to Third Party Czerwona Torebka S.A. Sp. komandytowa through acquisition of real property at ul. Wołczyńska 18 in Poznań. For details of the transaction, see Section 2.1.7 of this Directors' Report.

Other short-term investments comprise the current portion of restricted cash of PLN 2,292 thousand, including: (i) a short-term portion of retained security deposit of PLN 34 thousand and (ii) a short-term portion of funds set aside pursuant to the terms of credit facility agreements of PLN 2,258 thousand.

Cash

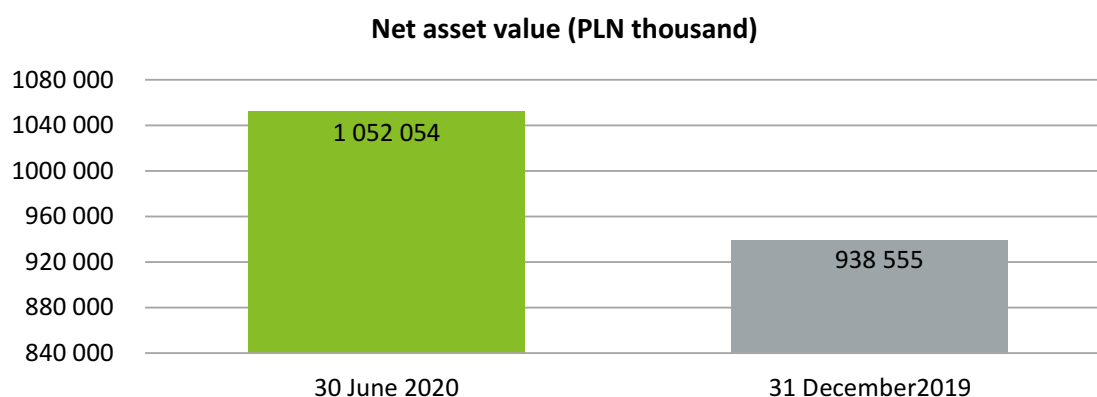
	<i>as at</i> 30 June 2020	31 December 2019
Cash in hand	45	53
Cash at banks	98 456	94 179
Short-term deposits	4 218	7 814
Cash and cash equivalents disclosed in the condensed consolidated statement of financial position	102 719	102 046
Cash and cash equivalents disclosed in the condensed consolidated statement of cash flows	102 719	102 046

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

As at 30 June 2020, the balance of cash was PLN 102,719 thousand, i.e. PLN 673 thousand more on 31 December 2019.

Equity

- **Net assets (NAV)**



As at 30 June 2020, the net asset value was PLN 1,052,054 thousand, having increased by PLN 113,499 thousand (or 12.09%).

The increase in NAV was driven primarily by the net profit earned in the six months ended 30 June 2020 of PLN 121,049 thousand, partially offset by the measurement of hedging instruments recognised in other comprehensive income.

• **Share capital**

	<i>as at</i>	30 June 2020	31 December 2019
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 2020, 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 in the Company. The par value is PLN 0.25 per share and the entire share capital is paid up.

On June 29th 2020, the Annual General Meeting of MLP Group S.A. passed a resolution amending the Company's Articles of Association in view of the changing market situation and to ensure a flexible approach and enable the Company to respond quickly, in particular to enable the Company to make investments.

Pursuant to the resolution, the Management Board of the Company has been authorised to increase the Company's share capital by no more than PLN 815,096 (the "Authorised Capital") for a period of up to three years from the date of registration by the competent registry court of the amendments to the Articles of Association. The Management Board may exercise the authorisation by increasing the share capital once or multiple times by way of one or multiple share issues, within the limit of the Authorised Capital. An increase in the share capital up to the amount of the Authorised Capital may be made only for cash contributions. Shares issued under the authorisation within the limits of the Authorised Capital will not bear any preference over the existing shares. This authorisation does not include the right to increase the share capital from the Company's own resources.

Liabilities under borrowings and other debt instruments, and other liabilities

	<i>as at</i>	30 June 2020	31 December 2019
Borrowings secured over the Group's assets		709 010	638 455
Bonds		267 960	127 755
Non-bank borrowings		14 820	14 283
Total non-current liabilities under borrowings and other debt instruments		991 790	780 493
Finance lease liabilities		32 939	24 688
Liabilities from measurement of interest rate hedges		13 894	8 161
Performance bonds, security deposits from tenants and other deposits		7 549	12 503
Total other non-current liabilities		54 382	45 352
Short-term bank borrowings and short-term portion of bank borrowings secured over the Group's assets		24 915	22 523
Bonds		1 829	491
Non-bank borrowings		13 046	31 415
Total current liabilities under borrowings and other debt instruments, and other current liabilities		39 790	54 429
Liabilities under borrowings and other debt instruments, and other liabilities		1 085 962	880 274

Liabilities under borrowings and other debt instruments represent a significant portion of the Group's total equity and liabilities. The Group uses bank credit mainly to finance construction of new facilities in the existing logistics parks. Proceeds from the issue of corporate bonds are invested in new land assets.

New credit facilities were the key source of increase in the amount of borrowings, other debt instruments, and other liabilities. In February 2020, MLP Group S.A. issued 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond. The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00058. The securities will be listed in the continuous trading system, with ticker symbol "MLP0225".

In the six months ended 30 June 2020, MLP Wrocław Sp. z o.o. and MLP Pruszków V Sp. z o.o. contracted new credit facilities for a total amount of EUR 11,343 thousand.

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

Consolidated statement of profit or loss for the six months ended 30 June 2020 and 2019

	6 months ended 30 June	2020	% sales	2019	% sales	Change (%)
Revenue		84 174	100%	67 470	100%	25%
<i>including:</i>						
Revenue from property development contract concluded by MLP Bieruń Sp. z o.o.		-	0%	1 360	2%	-
Other income		539	1%	1 076	2%	-50%
Distribution costs and administrative expenses		(40 985)	49%	(39 086)	58%	5%
<i>including:</i>						
Costs related to property development contract concluded by MLP Bieruń Sp. z o.o.		-	0%	(649)	-1%	-
Other expenses		(724)	1%	(975)	1%	-26%
Operating profit before gain/(loss) on valuation of investment property		43 004	51%	28 485	42%	51%
Gain on revaluation of investment property		151 703	180%	64 841	96%	134%
Operating profit		194 707	231%	93 326	138%	109%
Net finance costs		(44 152)	52%	(6 295)	9%	601%
Profit before tax		150 555	179%	87 031	129%	73%
Income tax		(29 506)	35%	(17 867)	26%	65%
Net profit		121 049	144%	69 164	103%	75%
EPRA Earnings		26 687		15 408		
EPRA Earnings per share		1,47 zł		0,85 zł		
FFO		27 806		14 493		

	6 months ended 30 June	2020	2019
Earnings per share:			
- Basic earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent		6,68	3,82
Diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent		6,68	3,82

	<i>for the six months ended 30 June</i>	2020	2019	change (%)
Rental income from investment property		48 441	38 663	25,3%
Recharge of service charges		17 923	12 308	45,6%
Recharge of utility costs		17 033	14 428	18,1%
Other revenue		777	711	9,3%
Revenue from property development contract concluded by MLP Bieruń Sp. z o.o.		-	1 360	-100,0%
Total revenue		84 174	67 470	24,8%

Rental income is the main source of the Group's revenue. In the six months ended 30 June 2020, rental income was PLN 48,441 thousand, having increased by 25.3% year on year. The increase, by PLN 9,778 thousand, was mainly attributable to the delivery of 31,605 m² of pre-leased space at MLP Pruszków II (34,186 m²), MLP Wrocław (15,400 m²), MLP Poznań West (7,910 m²) and MLP Gliwice (8,813 m²) and MLP Czeladź (210 m²). In the first half of 2020, there was also a marked increase in rental income at MLP Unna, as most of the lease contracts at the park became effective during or at the end of the first half of 2019.

	<i>for the six months ended 30 June</i>	2020	2019	change (%)
Depreciation and amortisation		(390)	(436)	-10,6%
Property maintenance services		(15 250)	(14 598)	4,5%
Utilities		(14 458)	(13 738)	5,2%
Administrative expenses and development costs		(9 238)	(8 833)	4,6%
Development contract costs		-	(649)	-100,0%
Other recharged costs		(1 649)	(832)	98,2%
Total distribution costs and administrative expenses		(40 985)	(39 086)	4,9%

In the six months ended 30 June 2020, distribution costs and administrative expenses were PLN 40,985 thousand, i.e. PLN 1,899 thousand more year on year. The change was attributable to an increase in costs strongly correlated with the volume of buildings owned and leased by the Group – in the six months ended 30 June 2020, the space leased in the existing buildings increased by 137,896 m² year on year.

Distribution costs and administrative expenses incurred by the Group are mainly attributable to property maintenance costs (37%), utility costs (35%) and administrative expenses and development costs (23%). These are categories of costs closely related to the size of the Group's warehouse and production parks and their expansion.

In the six months ended 30 June 2020, the Group recognised net finance costs of PLN 44,152 thousand. The PLN 39,236 increase in foreign exchange expense relative to 2019 was caused by the COVID-related depreciation of the Polish currency against the euro as at 30 June 2020 relative to 30 June 2019. The depreciation contributed to foreign exchange losses. In the six months ended 30 June 2020, the foreign exchange losses were PLN 33,136 thousand, compared with PLN 6,100 thousand foreign exchange gains in the corresponding period of 2019.

In the six months ended 30 June 2020, the Group recognised a gain on revaluation of investment property of PLN 151,703 thousand (six months ended 30 June 2019: gain of PLN 64,841 thousand). The main sources of the gain in the six months ended 30 June 2020 included completion of new space and delivery of 98,124 m², and launch of new projects at the MLP parks with a total area of 55,661 m².

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

	<i>for the six months ended 30 June</i>	2020	2019
Net cash from operating activities		38 592	42 765
including:			
<i>income from property development contract</i>		-	22 294
Net cash from investing activities		(203 398)	(101 758)
Net cash from financing activities		158 736	134 695
Total net cash flows		(6 070)	75 702
Cash at beginning of period		102 046	46 106
Effect of exchange differences on cash and cash equivalents		6 743	729
Cash and cash equivalents at end of period		102 719	122 537

In the six months ended 30 June 2020, the Group's cash flows from financing activities were positive, at PLN 38,592 thousand. This represented a decrease of PLN 4,173 thousand year on year.

The positive operating cash flows in the first half of 2020 were driven by an increase in the scale of the Group's business, which resulted from an increase in the volume of leased space at the logistics parks.

Although the operating cash flows were positive in the six months ended 30 June 2020, they were lower than in the first half of 2019 when their amount included cash proceeds (PLN 22,294 thousand) from the sale of a development project (under a development contract executed by MLP Bieruń Sp. z o.o.), recognised in the first quarter of 2019.

In the six months ended 30 June 2020, the Group reported negative cash flows from investing activities of PLN 203,398 thousand. In the same period of 2019, the cash flows from investing activities were also negative, at PLN 101,758 thousand. The increase in negative investing cash flows was attributable to the Group's investment programme. The largest expenditures incurred by the Group were outlays on the development of logistics parks in Poland as well as purchases of land at new locations.

In the six months ended 30 June 2020, the Group's cash flows from financing activities were positive, at PLN 158,736 thousand. The amount was attributable mainly to the issue of bonds (Series C) – PLN 128,142 thousand (EUR 30 million), as well as disbursements of credit facilities to the Group companies, the largest of which were received under new credit facility agreements executed by MLP Pruszków V Sp. z o.o. and MLP Wrocław Sp. z o.o.

3. 2 Management Board's position on published forecasts

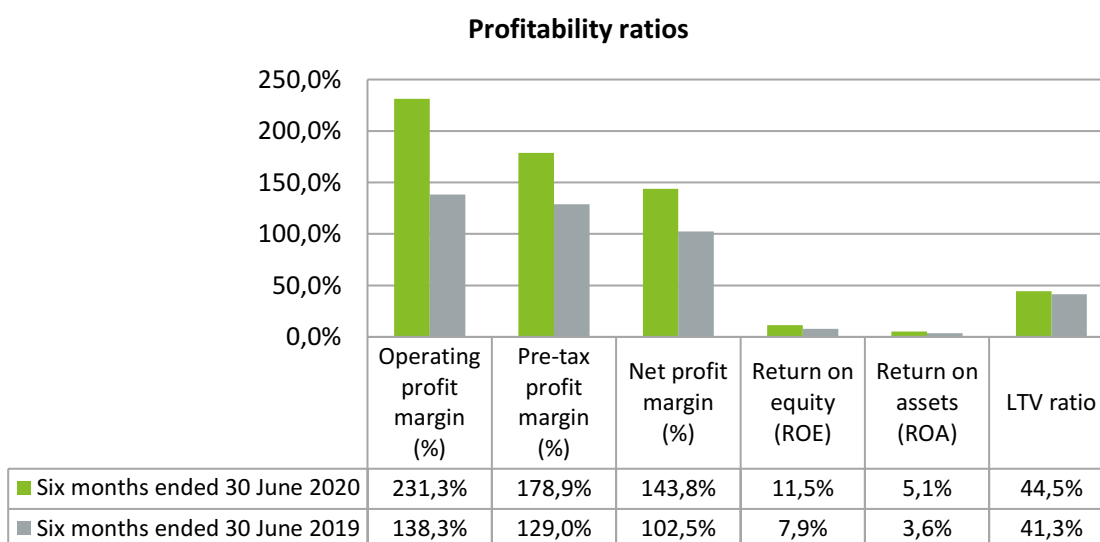
The Management Board of MLP Group S.A. has not published any financial forecasts for 2020.

3.3 Management of the Group's financial resources

In the six months ended 30 June 2020, 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 2020 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.
- **LTV ratio:** [interest-bearing debt - (cash and cash equivalents + restricted cash to secure repayment of loans)]/Investment property

In the six months ended 30 June 2020, the operating profit margin improved year on year. In the reporting period, the operating profit margin was mainly driven by completion and delivery of 98,124 m² and launch of new projects at the MLP parks with a total area of 46,361 m², which were in progress as at 30 June 2020. In addition, the leased space in the existing buildings increased by 137,896 m² in the first half of 2020 compared with the first half of 2019. These factors also contributed to the PLN 151,703 thousand gain on revaluation of investment property, PLN 86,862 thousand more than in the six months ended 30 June 2019; the gain was one of the drivers of a significant year-on-year increase in net profit.

In the six months ended 30 June 2020, the pre-tax profit margin was 178.9%, having increased by 49.9 pp. The margin was primarily impacted by a much higher profit before tax than the profit reported for the corresponding period of 2019.

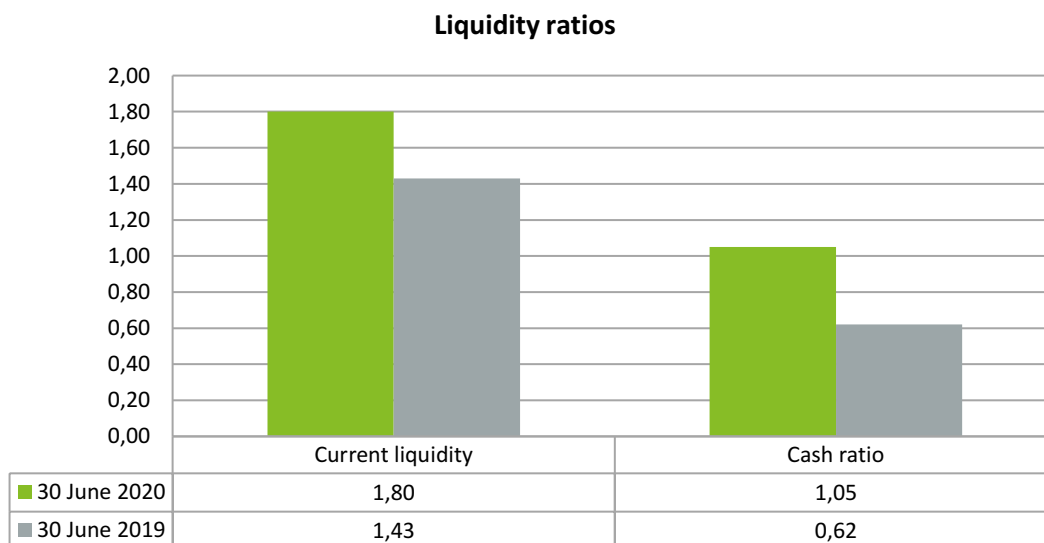
The net margin increased by 41.3pp year on year, to 143.8% in the current reporting period, an evidence of the Group's strong financial position.

The return on equity in the six months ended 30 June 2020 was higher than in the corresponding period of 2019, having increased by 3.6 pp, mainly on a 75.0% year-on-year increase in net profit and a 19.9% increase in equity.

The return on assets increased slightly year on year, by 1.5pp.

In the first half of 2020, the LTV ratio was 44.5%, 3.2pp more than the year before (when it stood at 41.3%) and is considered safe.

3. 3.2 Liquidity ratios



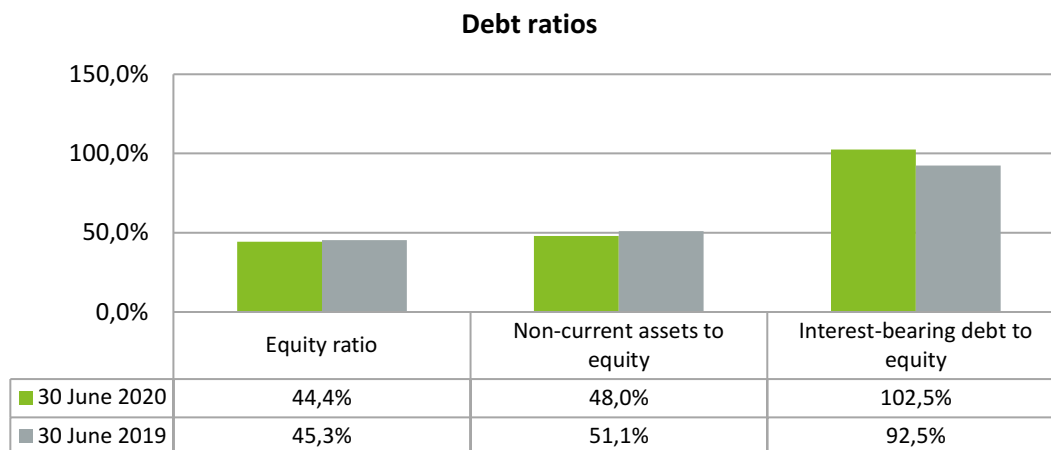
The liquidity analysis is based on the following ratios:

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

As at 30 June 2020, the current ratio increased relative to year-end 2019 (by 0.37pp).

The cash ratio as at 30 June 2020 increased relative to the end of 2019 by 0.43 pp. The increase was due mainly to proceeds from borrowings and the issue of bonds.

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.

As at 30 June 2020, the equity ratio was 0.9pp down year on year, mainly due to a 14.2% year-on-year increase in total assets relative to 31 December 2019, attributable to higher value of investment property. The equity to non-current assets ratio also fell, by 3.1 pp. On the other hand, the interest-bearing debt-to-equity ratio went up by 10.0 pp as a result of the issue of bonds and the inflow of funds borrowed by the Group under new credit facilities, which led to an increase in liabilities.

In accordance with the terms and conditions of the Series A, Series B and Series C 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 the six months ended 30 June 2020, the Group did not take out any new non-bank borrowings.

On June 10th 2020, an agreement was concluded between MLP Group S.A. and MLP Poznań West Sp. z o.o. and an assignment of receivables was effected between MLP Group S.A. and Fenix Sp. z o.o. under which amounts receivable under the loan agreement between Fenix Sp. z o.o. and MLP Poznań West Sp. z o.o. was transferred to MLP Group S.A.

3. 4.2 New and terminated bank borrowings

- **New credit facility agreements executed in the six months ended 30 June 2020**

On 29 January, 18 February, 19 March and 25 March 2020, Bank Polska Kasa Opieki Spółka Akcyjna disbursed further tranches of the credit facility to MLP Wrocław Sp. z o.o.

On 22 April 2020, BNP Paribas Bank Polska S.A. disbursed another tranche of the credit facility to MLP Pruszków V Sp. z o.o.

- **Repayment of bank borrowings in the six months ended 30 June 2020**

In the six months ended 30 June 2020, the Group made all due and scheduled payments under its credit facility agreements.

No credit facilities were terminated in the reporting period.

3. 4.3 Bonds

On 9 December 2019, the Management Board of MLP Group S.A. passed Resolution No. 3/12/2019 to establish a bond issue programme (the "Programme"), pursuant to which on 18 December 2019 the Company entered into an agreement with Bank Polska Kasa Opieki S.A. of Warsaw, as the arranger, paying agent, dealer, technical agent, offering agent and bookrunner, and Pekao Investment Banking S.A. of Warsaw as the arranger, technical agent, offering agent and dealer (the "Agreement").

On 19 February 2020, the Company issued, in public offering, 30,000 Series C bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 30,000,000. The bonds were registered with Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00058. The securities will be listed in the continuous trading system, with ticker symbol "MLP0225".

The bonds will pay variable interest at 6M EURIBOR plus margin.

The bonds were issued as unsecured bonds. The objectives of the issue were not specified.

The bonds mature on 19 February 2025, with an early redemption option at the Company's discretion.

Pursuant to a resolution of the Management Board of the Warsaw Stock Exchange of 21 February 2020, 26 February 2020 was set as the first day of trading in Series C bearer bonds in the alternative trading system on Catalyst.

The bonds of MLP Group S.A. outstanding as at 30 June 2020 are presented below.

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	ISIN
Private bonds – Series A	EUR	20 000 000	2022-05-11	6M EURIBOR + margin	none	PLMLPGR00033
Private bonds – Series B	EUR	10 000 000	2023-05-11	6M EURIBOR + margin	none	PLMLPGR00041
Private bonds – Series C	EUR	30 000 000	2025-02-19	6M EURIBOR + margin	none	PLMLPGR00058

3. 4.4 Loans

In the six months ended 30 June 2020, the Group did not grant any new loans.

3. 4.5 Sureties issued and received

As at 30 June 2020, the Group did not issue any sureties.

3. 4.6 Guarantees provided and received

As at 30 June 2020, 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 2020

In the six months ended 30 June 2020, 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, cancellation and repayment of non-equity and equity securities

On 9 December 2019, the Management Board of MLP Group S.A. passed Resolution No. 3/12/2019 to establish a bond issue programme (the "Programme"), pursuant to which on 18 December 2019 the Company entered into an agreement with Bank Polska Kasa Opieki S.A. of Warsaw, as the arranger, paying agent, dealer, technical agent, offering agent and bookrunner, and Pekao Investment Banking S.A. of Warsaw as the arranger, technical agent, offering agent and dealer (the "Agreement"). For more information, see Note 3.4.3.

3. 8 Material achievements and failures in the six months ended 30 June 2020

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 cyclicity

The Group's business is not seasonal or cyclical.

4. Statement 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 the 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 audited the separate financial statements for the period from 1 January to 30 June 2020, 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 full-year consolidated financial statements and the audit of 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 Management

Pruszków, 25 August 2020