

Current Report No. 31/2014

Date: 25 October 2014

Information about the signing of a significant lease agreement by a subsidiary of MLP GROUP S.A. with Merlin.pl S.A.

- I.** The Management Board of MLP GROUP S.A. with its registered office in Pruszków (hereinafter referred to as the "Issuer") hereby announces that, on 24 October 2014, a subsidiary of the Issuer, MLP Pruszków II spółka z ograniczoną odpowiedzialnością (hereinafter referred to as the "Lessor") and Merlin.pl S.A. with its registered office in Poznań (hereinafter referred to as the "Lessee") entered into a lease agreement (hereinafter referred to as the "Lease Agreement") with respect to warehouse and office space and a parking lot located in the complex of warehouse, manufacturing and office buildings (hereinafter referred to as the "Center") to be developed by the Lessor in the logistics park MLP Pruszków II located in Moszna Parcela, Pruszków Poviát. The Lessee will lease warehouse space of approximately 40,000 square meters as well as office and social space of approximately 1,500 square meters;
- II.** The Lease Agreement has been entered into subject to the joint fulfillment of the following conditions precedent:
- 1) acquisition by the Lessor or an entity affiliated thereto from "Trzecia – Czerwona Torebka spółka akcyjna" sp.k. with its registered office in Poznań of a part of the real property located in Więckowice (Dopiewo Township, Poznań Poviát, Wielkopolskie Voivodship) on land plot no. 319/2;
 - 2) entry into force of a local zoning plan or the acquisition by "Trzecia – Czerwona Torebka spółka akcyjna" sp.k. with its registered office in Poznań and transfer to a subsidiary company of the Issuer, MLP Poznań Zachód spółka z ograniczoną odpowiedzialnością in the process of formation or an entity affiliated thereto, of the land development conditions decision that allows obtaining a construction permit for the construction project intended to be executed on the real property by the Lessor or an entity affiliated thereto;
 - 3) acquisition by the Lessor or an entity affiliated thereto from "Trzecia – Czerwona Torebka spółka akcyjna" sp.k. with its registered office in Poznań of a part of the real property located in the Więckowice (Dopiewo Township, Poznań Poviát, Wielkopolskie Voivodship) on land plot no. 319/3 and payment of the purchase price for this land plot by the buyer;
 - 4) obtaining by the Lessee of the consent of the Lessee's Supervisory Board for entering into the Lease Agreement by 15 December 2014.

- III.** The Lease Agreement stipulates the deadline for the delivery of the leased premises to the Lessee, which must not be later than 30 September 2018. The Lease Agreement has been entered into for a definite period of fifteen years from the date of delivery of the leased premises to the Lessee.
- IV.** The Issuer estimates that the total net value of considerations due under the Lease Agreement will throughout the term thereof be equal to EUR 24,801,300, which is the equivalent of PLN 104,773,091.85.
- V.** The Lease Agreement includes provisions concerning the following contractual penalties that meet the criteria stipulated in § 9 item 5 of the Regulation issued by the Minister of Finance on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent the items of information required by provisions of law of a state that is not a Member State:
- 1) a contractual penalty for delay in the delivery of the leased premises to the Lessee after the delivery deadline stipulated in the Lease Agreement, equal to: (i) fifty percent (50%) of the daily net rent calculated for the leased premises for the eleventh and each subsequent day of delay, (ii) one hundred percent (100%) of the daily net rent calculated according to the rates stipulated in the Lease Agreement if the delay is longer than one month, not more however than four times the amount of monthly rent. The Lessee is entitled to the above contractual penalty when the lease comes into effect, i.e. when the leased premises have been delivered to the Lessee based on an acceptance report;
 - 2) a contractual penalty for the Lessee's withdrawal from the Lease Agreement for reasons for which the Lessor is liable, equal to four times the amount of monthly rent calculated according to the rates stipulated in the Lease Agreement. The Lessee is entitled to the above contractual penalty when the agreement is terminated and the lease does not come into effect;
 - 3) a contractual penalty equal to PLN 2,000,000 in the event of a breach of the obligation not to dispose of the real property on which the Center is to be erected to entities conducting activities competitive with respect to the Lessee;
 - 4) a contractual penalty equal to PLN 2,000,000 in the event of (i) a breach of the obligation not to dispose of the real property on which the Center is to be erected until the day of delivery, or (ii) if such disposal occurs, not fulfilling the obligation to bind the purchaser to submit a statement to the Lessee that confirms all the provisions of the Lease Agreement.

Payment of the contractual penalties shall exclude the right to pursue compensatory claims in excess of the penalty amounts

One of the forms of security used to ensure the Lessee's performance of its obligations under the Lease Agreement is a surety/guarantee document issued by "Czerwona Torebka" S.A. in which the Company undertakes to fulfill all obligations related to payment of rent and operating expenses resulting from the Lease Agreement throughout the term of lease and for three months after the Lease Agreement has expired or been terminated. Pursuant to the provisions of the Lease Agreement, "Czerwona Torebka" S.A. shall grant a surety up to a pre-determined amount of EUR 30,597,480, which is the equivalent of PLN 129,259,054.26.

Furthermore, according to the provisions of the Lease Agreement, if as a result of any legal action the Lessee's parent company changes, the obligation of "Czerwona Torebka" S.A. under the surety shall expire, provided that:

- 1) the new parent company of the relevant Lessee submits a new surety containing provisions not less favorable to the Lessor than those contained in the existing Surety, or
- 2) the Lessee provides the Lessor with an additional guarantee or makes a cash deposit for an amount equal to 12 (twelve) monthly rents and advances toward operating expenses, including VAT, in the amount applicable as at the date of issue of such additional guarantee.

The choice between the forms of security described in 1) or 2) shall belong to the Lessor.

VI. The other provisions of the Lease Agreement do not deviate from provisions commonly used in agreements of such kind.

VII. The Lease Agreement entered into by a subsidiary is recognized as significant when the estimated value of its subject matter throughout the entire term thereof exceeds 10% of the Issuer's equity as at the date of publication of this report.

Legal basis:

Article 56 Section 1 Item 2 of the Public Offering Act - current and periodic information

§ 5 Section 1 Item 3 of the Regulation issued by the Minister of Finance on 19 February 2009 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent items of information required by provisions of law of a state that is not a Member State (Journal of Laws of 2009 No. 33 Item 259).