



MLP
GROUP



MLP Group S.A. Group
Consolidated
Annual Report
for the year ended December 31st 2020

This document is a translation. Polish version prevails.

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I. Letter from the President of the Management Board to Shareholders

Dear Shareholders,

It is with great pleasure that on behalf of the Management Board I present to you the Annual Report of the MLP Group S.A. Group for 2020. Last year was another period of continued solid performance by MLP Group S.A., during which we further strengthened our position on the rapidly growing warehouse market.

Macroeconomic environment

In 2020, the Polish and global economies were impacted by the COVID-19 coronavirus pandemic that began in the first quarter of last year. As a result, after several years of intensive growth, the Polish economy suffered a serious crisis. In the fourth quarter of 2020, Poland's GDP declined by 2.8% year on year. Despite the deteriorating economic conditions, we should appreciate the strength of the country's economy, which was much less affected by the pandemic crisis than most EU nations. According to estimates, the decline in GDP should slow down to approximately 1.5% in the first quarter of 2021. The National Bank of Poland forecasts a GDP growth of 4.1% and an inflation rate of 3.1% in its 'central path' projections for 2021.

Warehouse market in Poland, Germany and Romania

Despite the extraordinary economic headwinds, the warehouse market in Poland reported record-high 2020 performance, again attesting to its strength. The total area leased in 2020 (new space and expansions) was 3.4m m², which helped the country to maintain its position as the third most active market in Europe. Net demand accounted for over 71% of total demand. A large share of new demand in 2020 was attributable to the two largest markets, namely Warsaw (both zones) and Upper Silesia, accounting, almost in equal parts, for 1.43m m² in total.

In 2020, developers delivered over 2m m² of new warehouse space, most of it located in the Warsaw, Upper Silesia and Wrocław markets, which accounted for a total of 1.4m m² of new space. As a result, the total stock of modern warehouse space in Poland reached 20.7m m². At the end of last year, over 1.9m m² was under construction, which was close to the prior-year level.

The vacancy rate at the end of 2020 was 7.5%, with rent rates remaining stable.

The German and Romanian markets, where the Group is expanding its operations, also enjoy solid customer demand. Germany remains the largest warehouse market in Europe, with the volume of transactions in 2020 reaching 6.9m m², 5% above the average for the last five years and 18% above the ten-year average. In the same period in Romania, lease contracts were signed for a total of 932,000 m² of warehouse and logistics space, a 94% surge year on year. During the year, 574,000 m² of new warehouse space was delivered, with the total supply at approximately 5.1m m².

Key developments at MLP Group in 2020

In 2020, the Group continued its principal business activity consisting in the construction and lease of warehouse and office space. The total area of its projects under construction or in the pipeline amounted to 241,100 m², of which 99,800 m² was completed during the period. As a result, as at the end of 2020 we offered over 715,000 m² of finished warehouse space. We also maintain a land bank with a capacity of close to 1.29m m² of target leasable space.

The Group's financial position remains strong. In 2020, its net asset value (NAV) rose by 29%, to PLN 1.21bn, while net profit came in at PLN 170.4m, up 32% on 2019. Consolidated revenue totalled PLN 190.7m, having increased 36% year on year. In 2020, the Group's rental income, which is the Group's main revenue stream, increased by 23.9% on the previous year.

At present, the Group operates 12 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, MLP Łódź and MLP Poznań Business Park. 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. In December 2020, the Group signed a deed to acquire property in Austria for the construction of a new park in Vienna. The Group has also signed a number of reservation agreements to purchase new land for planned logistics parks in Poland (including in Stryków, Pruszków, and Poznań), Germany (including in Gelsenkirchen, Cologne, Frankfurt am Main, and Leipzig) and Austria. This means that MLP Group's

portfolio of active and prospective managed properties consists of a total of seventeen operational logistics parks located in Europe in the four markets it serves – Poland, Germany, Austria and Romania.

MLP Group's plans for 2021

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.

The spread of Covid-19 pandemic in 2020 had no major impact on the development of the warehouse industry, with growth rates slowing down only slightly year on year across the market. Any further development of the industry will depend on the economic situation in Europe and globally, the growth rate of e-commerce and, most importantly, the investment appetite of businesses. Completion of new developments will ensure a further growth of the Group's value. In line with our 'build and hold' strategy, we are not planning to sell assets.

In the Management Board's opinion, the Group enjoys a solid financial position. We have a secure capital structure enabling us to pursue long-term strategic goals, our own land bank located in attractive locations, and a highly qualified management team. We anticipate that the COVID-19 pandemic and the government-imposed restrictions will have a negligible impact on further growth in the storage industry and that MLP Group will deliver on its long-term strategic objectives.

We would like to extend our thanks to all our shareholders for their unwavering support and trust. We will make every effort to effectively and consistently deliver our strategy, achieve strong financial results and ensure continuous growth of the MLP Group S.A. Group's value.

Radosław T. Krochta

Chief Executive Officer

President of the Management Board

II. Statement of the Management Board

The consolidated financial statements of the MLP Group S.A. Group (“the Group”) for the period from 1 January 2020 to 31 December 2020 and the comparative data for the period from 1 January 2019 to 31 December 2019 have been prepared in compliance with the applicable accounting policies described in Note 3 and present a true, accurate and fair view of the Group’s assets, financial condition and financial results. The 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 Group, including a description of key threats and risks.

We also represent that the entity qualified to audit the financial statements that audited the consolidated financial statements of the Group for the 12 months ended 31 December 2020, i.e. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., was appointed in accordance with the law. The entity and the statutory auditor who performed the audit satisfied the conditions to issue an unbiased and independent opinion on the audit, in compliance with the applicable laws and professional standards.

Signed with qualified electronic signature.

Radosław T. Krochta

President of the Management Board

Michael Shapiro

Vice President of the Management Board

Tomasz Zabost

Member of the Management Board

Maria Ratajczyk

*Signature of the person preparing
the financial statements*

Pruszków, 17 March 2021

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

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

	31 December 2020	31 December 2019
Average mid exchange rate during the reporting period*	4.4742	4.3018
Mid exchange rate on the last day of the reporting period	4.6148	4.2585

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

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

as at	31 December 2020 PLN '000	31 December 2020 EUR '000	31 December 2019 PLN '000	31 December 2019 EUR '000
Non-current assets	2,392,123	518,359	1,838,209	431,656
Current assets	290,769	63,008	235,918	55,399
Total assets	2,682,892	581,367	2,074,127	487,055
Non-current liabilities	1,374,714	297,892	971,135	228,046
Current liabilities	96,446	20,899	164,437	38,614
Equity, including:	1,211,732	262,576	938,555	220,395
Share capital	4,931	1,069	4,529	1,063
Total equity and liabilities	2,682,892	581,367	2,074,127	487,055
Number of shares	19,720,255	19,720,255	18,113,255	18,113,255
Book value per share and diluted book value per share attributable to owners of the Parent (PLN)	61.45	13.32	51.82	12.17

The data in the 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 consolidated statement of profit or loss and other comprehensive income converted into the euro:

	<i>year ended</i>	31 December	31 December	31 December	31 December
		2020	2020	2019	2019
		PLN '000	EUR '000	PLN '000	EUR '000
Revenue		190,695	42,621	140,032	32,552
Other income		2,967	663	1,317	306
Gain on revaluation of investment property		213,325	47,679	120,797	28,081
Distribution costs and administrative expenses		(108,142)	(24,170)	(77,726)	(18,068)
Operating profit		297,839	66,568	180,015	41,846
Profit before tax		210,107	46,960	163,217	37,942
Net profit		170,369	38,078	129,369	30,073
Total comprehensive income		167,028	37,331	123,203	28,640
Net profit attributable to owners of the Parent		170,369	38,078	129,369	30,073
Earnings per share and diluted earnings per share attributable to owners of the Parent (PLN)		8.64	1.93	7.14	1.66

The data in the consolidated statement of profit or loss and other comprehensive income was translated at the average euro exchange rate 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 consolidated statement of cash flows converted into the euro:

	<i>year ended</i>	31 December	31 December	31 December	31 December
		2020	2020	2019	2019
		PLN '000	EUR '000	PLN '000	EUR '000
Net cash from operating activities		92,737	20,727	86,109	20,017
Cash from investing activities		(393,408)	(87,928)	(208,082)	(48,371)
Cash from financing activities		354,950	79,333	178,192	41,423
Total cash flows, net of exchange differences		54,279	12,132	56,219	13,069
Total cash flows		60,963	13,625	55,940	13,004

The data in the consolidated statement of cash flows was translated at the average euro exchange rate 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>	31 December	31 December	31 December	31 December
	31 December	2020	2020	2019	2019
		PLN '000	EUR '000	PLN '000	EUR '000
Cash at beginning of period		102,046	23,963	46,106	10,722
Cash at end of period		163,009	35,323	102,046	23,963

The following exchange rates were used to translate the presented data from the 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.



**The Group
MLP Group S.A.**

**Consolidated financial
statements**

for the year ended December 31st 2020
prepared in accordance with EU IFRS

IV. Consolidated financial statements

Authorisation of the consolidated financial statements for issue

On 17 March 2021, the Management Board of the Parent, i.e. MLP Group S.A., authorised for issue the consolidated financial statements (the "Consolidated Financial Statements") of the MLP Group S.A. Group (the "Group") for the period from 1 January 2020 to 31 December 2020.

The Consolidated Financial Statements for the period from 1 January 2020 to 31 December 2020 have been prepared in accordance with International Financial Reporting Standards as approved by the European Union ("IFRS EU"). In this report, information is presented in the following sequence:

1. Consolidated statement of profit or loss and other comprehensive income for the period from 1 January to 31 December 2020, showing a net profit of PLN 170,369 thousand.
2. Consolidated statement of financial position as at 31 December 2020, showing total assets and total equity and liabilities of PLN 2,682,892 thousand;
3. Consolidated statement of cash flows for the period from 1 January to 31 December 2020, showing a net increase in cash of PLN 60,963 thousand.
4. Statement of changes in consolidated equity for the period from 1 January to 31 December 2020, showing an increase in consolidated equity of PLN 273,177 thousand.
5. Notes to the Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in thousands of PLN, unless otherwise stated.

Signed with qualified electronic signature.

Radosław T. Krochta

President of the Management Board

Michael Shapiro

Vice President of the Management Board

Tomasz Zabost

Member of the Management Board

Consolidated statement of profit or loss and other comprehensive income

<i>for the year ended 31 December</i>	Note	2020	2019
Revenue	6	190,695	140,032
Other income	7	2,967	1,317
Gain on revaluation of investment property	12	213,325	120,797
Distribution costs and administrative expenses	9	(108,142)	(77,726)
Other expenses	8	(1,006)	(4,405)
Operating profit		297,839	180,015
Finance income	10	1,808	10,310
Finance costs	10	(89,540)	(27,108)
Net finance costs		(87,732)	(16,798)
Profit before tax		210,107	163,217
Income tax	11	(39,738)	(33,848)
Profit from continuing operations		170,369	129,369
Profit from discontinued operations		0	0
Net profit		170,369	129,369
Net profit attributable to:			
Owners of the Parent		170,369	129,369
Other comprehensive income that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2,695	(581)
Effective portion of changes in fair value of cash flow hedges		(7,452)	(6,895)
Other comprehensive income that will be reclassified to profit or loss, before tax		(4,757)	(7,476)
Other comprehensive income, gross		(4,757)	(7,476)
Income tax on other comprehensive income <i>that will be reclassified to profit or loss</i>		1,416	1,310
Other comprehensive income, net		(3,341)	(6,166)
Total comprehensive income		167,028	123,203
Comprehensive income attributable to:			
Owners of the Parent		167,028	123,203

Earnings per ordinary share:

- Basic earnings per share from continuing operations	8.64	7.14
- Basic earnings per share from discontinued operations	0	0
- Earnings per ordinary share	8.64	7.14
Diluted earnings per ordinary share:		
- Diluted earnings per share from continuing operations	8.64	7.14
- Diluted earnings per share from discontinued operations	0	0
Diluted earnings per ordinary share	8.64	7.14

Consolidated statement of financial position

	<i>as at 31 December</i>	Note	2020	2019
Non-current assets				
Property, plant and equipment			1,547	1,520
Intangible assets			147	126
Investment property		12	2,330,899	1,809,850
Other long-term financial investments		14	53,213	23,826
Other non-current assets			962	392
Deferred tax assets		13	5,355	2,495
Total non-current assets			2,392,123	1,838,209
Current assets				
Inventories			54	48
Short-term investments		14	27,958	63,688
Income tax receivable		15	807	234
Trade and other receivables		15	82,430	67,128
Other short-term investments		14	6,403	0
Assets under ongoing construction contracts			10,108	2,774
Cash and cash equivalents		16	163,009	102,046
Current assets other than held for sale or distribution to owners			290,769	235,918
Total current assets			290,769	235,918
TOTAL ASSETS			2,682,892	2,074,127
Equity				
		18		
Share capital			4,931	4,529
Share premium			180,853	71,121
Cash flow hedge reserve			(12,719)	(6,683)
Translation reserve			2,095	(628)
Retained earnings, including:			1,036,572	870,216
<i>Capital reserve</i>			83,680	83,680
<i>Statutory reserve funds</i>			154,575	154,575
<i>Profit (loss) brought forward</i>			627,948	502,592
<i>Net profit</i>			170,369	129,369
Equity attributable to owners of the parent			1,211,732	938,555
Total equity			1,211,732	938,555
Non-current liabilities				
Borrowings and other debt instruments		20.1	1,132,478	780,493
Deferred tax liability		13	180,178	145,290
Other non-current liabilities		20.1	62,058	45,352
Total non-current liabilities			1,374,714	971,135

Current liabilities

Borrowings and other debt instruments	20.2	33,985	54,429
Other current liabilities	20.2	58	105
Employee benefit obligations	21	1,799	1,135
Income tax payable	22	3,238	222
Trade and other payables	22	57,366	108,546
Current liabilities other than held for sale		96,446	164,437
Total current liabilities		96,446	164,437
Total liabilities		1,471,160	1,135,572
TOTAL EQUITY AND LIABILITIES		2,682,892	2,074,127

Consolidated statement of cash flows

<i>for the year ended 31 December</i>	Note	2020	2019
Cash flows from operating activities			
Profit before tax		210,107	163,217
<i>Total adjustments:</i>		(113,519)	(68,919)
Depreciation and amortisation		695	930
Change in fair value of investment properties		(213,325)	(120,797)
Net interest		23,615	19,064
Exchange differences		66,780	(6,554)
Other		(90)	(1,634)
Change in receivables	17.2	8,275	(5,293)
Change in current and other liabilities	17.3	531	45,365
Cash from operating activities		96,588	94,298
Income tax paid		(3,851)	(8,189)
Net cash from operating activities		92,737	86,109
Cash flows from investing activities			
Interest received		257	7
Loans	17.1	(4,850)	(800)
Repayment of loans	17.1	246	800
Purchase of investment property, property, plant and equipment and intangible assets		(352,614)	(218,329)
Sale of investment property, intangible assets and property, plant and equipment		0	0
Purchase of other financial assets		(20,000)	0
Other proceeds from (expenditure on) investments		(16,447)	10,240
Cash from investing activities		(393,408)	(208,082)
Cash flows from financing activities			
Increase in borrowings	17.1	94,368	507,891
Repayment of borrowings	17.1	(23,963)	(302,796)
Net proceeds from issue of shares		110,134	0
Issue of debt securities		196,733	0
Dividends and other distributions to owners		0	(3,985)
Interest paid		(22,322)	(22,918)
Cash from financing activities		354,950	178,192
Total cash flows, net of exchange differences		54,279	56,219
Effect of exchange differences on cash and cash equivalents		6,684	(279)
Total cash flows		60,963	55,940
Cash and cash equivalents at beginning of period	16	102,046	46,106
Cash and cash equivalents at end of period	16	163,009	102,046

Statement of changes in consolidated equity

	Share capital	Share premium	Cash flow hedge reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent	Total equity
Equity as at 1 January 2020	4,529	71,121	(6,683)	(628)	870,216	938,555	938,555
<u>Comprehensive income:</u>							
Net profit/(loss)	0	0	0	0	170,369	170,369	170,369
Total other comprehensive income	0	0	(6,036)	2,723	(28)	(3,341)	(3,341)
Total comprehensive income for the year ended 31 December 2020	0	0	(6,036)	2,723	170,341	167,028	167,028
Interim dividend ¹⁾	0	0	0	0	(3,985)	(3,985)	(3,985)
Increase in equity due to share issue ²⁾	402	109,732	0	0	0	110,134	110,134
Changes in equity	402	109,732	(6,036)	2,723	166,356	273,177	273,177
Equity as at 31 December 2020	4,931	180,853	(12,719)	2,095	1,036,572	1,211,732	1,211,732

	Share capital	Share premium	Cash flow hedge reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent	Total equity
Equity as at 1 January 2019	4,529	71,121	(1,098)	(70)	740,870	815,352	815,352
<u>Comprehensive income:</u>							
Net profit/(loss)	0	0	0	0	129,369	129,369	129,369
Total other comprehensive income	0	0	(5,585)	(558)	(23)	(6,166)	(6,166)
Total comprehensive income for the year ended 31 December 2019	0	0	(5,585)	(558)	129,346	123,203	123,203
Changes in equity	0	0	(5,585)	(558)	129,346	123,203	123,203
Equity as at 31 December 2019	4,529	71,121	(6,683)	(628)	870,216	938,555	938,555

¹⁾ On 29 June 2020, the Annual General Meeting resolved to allocate the profit of MLP Group S.A. for 2019 to dividend, up to the amount previously paid as interim dividend, and the balance to retained earnings.

²⁾ On 27 October 2020, the Company increased its share capital by PLN 401,750 through the issue of new Series D shares. The District Court for the Capital City of Warsaw registered the capital increase on 8 December 2020.

Notes to the Consolidated Financial Statements

1. General information

1.1. The Parent

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

The Parent was established as a result of transformation of the state-owned enterprise Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy into a state-owned joint-stock company. The deed of transformation was drawn up before a notary public on 18 February 1995. Pursuant to a resolution of the General Meeting of 27 June 2007, the Company trades as MLP Group S.A. The Company continued to trade under this business name as at the date of issue of these consolidated financial statements.

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

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

Management Board:

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

Supervisory Board:

- Shimshon Marfogel - Chairman of the Supervisory Board
- Eytan Levy - Deputy Chairman of the Supervisory Board
- Oded Setter ¹⁾ - 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⁾ On November 30th 2020, Daniel Nimrodi resigned as Member of the Supervisory Board. Cajamarca Holland B. V. of Delft, the Netherlands, one of the Company's shareholders, in the exercise of its rights under the Articles of Association, appointed Oded Setter in Mr. Nimrodi's place, with effect from December 1st 2020.

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 42 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.

All subsidiaries listed below are fully consolidated. The financial year of the parent and the Group companies is the same as the calendar year. The duration of the activities of all Group companies is not limited.

As at 31 December 2020, the Group comprised the following entities:

Entity	Country of registration	Parent's direct and indirect equity interest	Parent's direct and indirect equity interest	Parent's direct and indirect voting interest	Parent's direct and indirect voting interest
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
MLP Pruszków I Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Polska	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Property Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Business Park Poznań Sp. z o.o. (poprzednio: MLP Poznań West Sp. z o.o.) ²⁾	Polska	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Polska	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Polska	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Polska	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Business Park Berlin I LP Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Czeladź Sp z o.o.	Polska	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. & Co. KG	Niemcy	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Bucharest West SRL	Rumunia	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Germany Management GmbH	Niemcy	100%	100%	100%	100%
MLP Wrocław West Sp. z o.o.	Polska	100%	100%	100%	100%
MLP Business Park Berlin I GP sp. z o.o.	Polska	100%	100%	100%	100%
MLP Poznań East sp. z o.o.	Polska	100%	100%	100%	100%
MLP Schwalmtal GP sp. z o.o.	Polska	100%	100%	100%	100%
MLP Schwalmtal LP sp. z o.o.	Polska	100%	100%	100%	100%

Entity	Country of registration	Parent's direct and indirect equity interest 31 December 2020	Parent's direct and indirect equity interest 31 December 2019	Parent's direct and indirect voting interest 31 December 2020	Parent's direct and indirect voting interest 31 December 2019
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Niemcy	100%	100%	100%	100%
MLP Schwalmtal Sp. z o.o. & Co. KG	Niemcy	100%	100%	100%	100%
MLP Business Park Wien GmbH ¹⁾	Austria	100%	-	100%	-

1.3. Changes in the Group

¹⁾ On 21 October 2020 a notarial deed was signed to establish MLP Business Park Wien GmbH. MLP Group S.A. acquired 100% of shares in the new company, with a total par value of EUR 5,000.

²⁾ On 17 December 2020 the change of name of MLP Poznań West Sp. z o.o. to MLP Business Park Poznań Sp. z o.o. was registered.

³⁾ On 2 March 2021 the change of name of MLP Property I Sp. z o.o. to MLP Pruszków VI Sp. z o.o. was registered.

The Consolidated Financial Statements for the year ended 31 December 2020 includes 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 31 December 2020 the holdings were:

Shareholder	Number of shares and voting rights	% interest in equity and voting rights
CAJAMARCA Holland BV ²⁾	10,242,726	51.94%
Other shareholders	4,055,330	20.56%
THESINGER LIMITED	1,771,320	8.98%
MetLife OFE ³⁾	1,656,022	8.40%
Israel Land Development Company Ltd. ¹⁾	652,019	3.31%
GRACECUP TRADING LIMITED	641,558	3.25%
MIRO B.V.	452,955	2.30%
Shimshon Marfogel	149,155	0.76%
MIRO LTD.	99,170	0.50%
Total	19,720,255	100.00%

On 27 October 2020, the Parent issued 1,607,000 Series D shares with a total par value of PLN 401,750 (par value per Series D share: PLN 0.25). Following registration with the National Court Register and the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.), the total number of shares and voting rights is 19,720,255.

¹⁾ As part of the issue of Series D shares, 574,903 shares were acquired by the ultimate parent, i.e. Israel Land Development Company Ltd.

^{1.2)} On the same day, CAJAMARCA HOLLAND B.V. sold 77,116 Company shares to Israel Land Development Company Ltd

³⁾ In December 2020, MetLife OFE's shareholding decreased from 1,679,502 to 1,656,022 Company shares, representing 8.40% of the share capital and conferring the right to 1,656,022 votes, i.e. 8.40% of total voting rights.

On 28 October 2020, Aegon Powszechne Towarzystwo Emerytalne S.A. reduced its holding of Company shares from 1,166,133 to 606,792 shares which after the transaction represent 3.08% of the share capital and confer 606,792 voting rights, or 3.08% of total voting rights.

1.4.2 Shares and rights to shares of the Parent held by members of management and supervisory bodies

Prior to the issue of Series D shares, Michael Shapiro, Vice President of the Management Board, held 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 held by MIRO B.V. in Cajamarca Holland B.V., Mr Shapiro was the beneficial owner of 14.25% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro was the beneficial owner of a 17.30% interest in the share capital of MLP Group S.A.

After the issue of Series D shares, Michael Shapiro, Vice President of the Management Board, holds indirectly, through his fully-controlled companies MIRO B.V. and MIRO Ltd., a 2.80% interest in MLP Group S.A.'s share capital, and, through a 25% interest held by MIRO B.V. in Cajamarca Holland B.V., Mr Shapiro is the beneficial owner of 12.99% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro is the beneficial owner of a 15.79% interest in the share capital of MLP Group S.A.

Prior to the issue of Series D shares, Shimshon Marfogel, Chairman of the Supervisory Board, was – 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 held directly an 0.82% interest in the share capital of the Company in the form of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel was the beneficial owner of a 1.59% interest in the share capital of MLP Group S.A.

After the issue of Series D shares, 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 0.71% of the share capital of MLP Group S.A., and holds directly a 0.76% interest in the share capital of the Company in the form of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel is the beneficial owner of a 1.47% 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 Consolidated Financial Statements

2.1. Statement of compliance

The Group has prepared the consolidated financial statements in accordance with the accounting standards issued by the International Accounting Standards Board as endorsed by the European Union, referred to as the International Financial Reporting Standards ("EU IFRS"). 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 Group 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 consolidated financial statements.

2.2.2 Standards and interpretations endorsed by the European Union effective as of 1 January 2020

The following new standards are applied for the first time in the Group's consolidated financial statements for 2020:

Standards and interpretations endorsed by the European Union	Possible impact on the Consolidated financial statements	Effective date for periods beginning on or after the date
Amendments to IFRS 16 <i>Leases</i>	no significant impact	1 June 2020
IFRS 3 <i>Business Combinations</i>	no impact	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 related to IBOR reform	no significant impact	1 January 2020
IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	no significant impact	1 January 2020
Amendments to the IFRS Conceptual Framework	no significant impact	1 January 2020

2.2.3. Standards and Interpretations pending approval by the European Union

Standards and interpretations pending approval by the European Union	Possible impact on the Consolidated financial statements	Effective date for periods beginning on or after the date
Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture	no impact	by decision of the European Union, implementation is postponed
IFRS 14 <i>Regulatory Deferral Accounts</i>	no impact	by decision of the European Union, the standard will not be implemented
Amendment to IFRS 4: Application of IFRS 9 <i>Financial Instruments</i>	no significant impact	by decision of the European Union, implementation is postponed until 2021
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	no significant impact	1 January 2022
Amendments to IAS 16 <i>Property, Plant and Equipment</i>	no significant impact	1 January 2022
Amendments to IFRS 3 <i>Business Combinations</i>	no impact	1 January 2022
Amendments to IAS 1 <i>Presentation of Financial Statements</i>	no significant impact	1 January 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform	no significant impact	1 January 2021
IFRS 17 <i>Insurance Contracts</i>	no impact	1 January 2023
Annual Improvements to International Financial Reporting Standards 2018-2020 Cycle, including: IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> IFRS 9 <i>Financial Instruments</i> IAS 41 <i>Agriculture</i> examples illustrating IFRS 16 <i>Leases</i>	no significant impact	1 January 2021

2.3. Basis of preparation of the Consolidated Financial Statements

These 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.

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- derivative hedging instruments which are measured at fair value,
- investment properties which are measured at fair value,

For information on fair value measurement methods, see Note 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 consolidated financial statements all amounts are presented in the Polish zloty (PLN), rounded to the nearest thousand. The Polish zloty 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 Austria) and the Romanian leu (Romania).

2.4.2 Rules applied to translate financial data

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

Consolidated statement of financial position:

	31 December 2020	31 December 2019
EUR	4.6148	4.2585
USD	3.7584	3.7977
RON	0.9479	0.8901

2.5. Use of estimates and judgements

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

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

For information on the significant uncertainties concerning estimates and judgements made using the accounting policies which had the most significant effect on the amounts disclosed in the consolidated financial statements, see Note 12. "Investment property".

Other areas in which estimates are made in the Consolidated Financial Statements include: lease assets and liabilities (land usufruct rights), provision for bonuses for the Management Board, provision for repairs, and provision for part of potential claims arising in connection with land usufruct rights.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by all the Group entities.

3.1. Basis of consolidation

The consolidated financial statements of the Group include data of MLP Group S.A and its subsidiaries prepared as at the same reporting date.

Due to the fact that not all Group companies apply the same accounting policies as those applied by the Parent, appropriate restatement of the financial statements of such entities was made to ensure compliance with the accounting policies applied by the Parent in the preparation of these consolidated financial statements.

Subsidiaries are controlled by the Parent. The Parent controls an investee if and only if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Financial statements of subsidiaries are consolidated from the date of assuming control over subsidiaries to the date on which such control ceases to exist.

In preparing the consolidated financial statements, the financial statements of the Parent and its subsidiaries are aggregated by adding individual items of assets, liabilities, equity, income and expenses. In order to ensure presentation in the consolidated financial statements of the Group as if it were a single business entity, the carrying amount of the Parent's investment in each of the subsidiaries is eliminated. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated during the preparation of the consolidated financial statements.

3.2. Foreign currencies

Foreign currency transactions

Transactions denominated in foreign currencies are initially recognised at the exchange rate of the functional currency as at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate of the functional currency effective for the reporting date. Non-monetary items measured at cost in a foreign currency are translated at the exchange rate effective as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated at the exchange rate effective as at the date of fair value measurement. As at the reporting date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into the Polish zloty at the relevant exchange rate as at the reporting date; in this case the translation into PLN is made at the mid-rate for a given currency set by the National Bank of Poland. Currency translation differences are recognised in finance income or costs, as appropriate.

For the purpose of preparing consolidated financial statements in the presentation currency of PLN, individual items of the financial statements of foreign operations for which the functional currency is a currency other than PLN are translated as follows:

- (i) assets and liabilities - at the closing rate announced for a given currency by the NBP,
- (ii) income, expenses, profits and losses - at the exchange rate being the arithmetic mean of average exchange rates announced for a given currency by the National Bank of Poland on the last day of each month of in the reporting period. If there are significant fluctuations in the exchange rate during the period, income and expenses are translated at exchange rates prevailing on the transaction date.

Exchange differences on translation of financial statements of foreign operations are recognised in other comprehensive income for the period and cumulatively in equity.

3.3. Financial instruments

3.3.1 *Derivative financial instruments, including hedge accounting*

Derivatives designated as hedging instruments whose fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item are recognised in accordance with fair value hedge accounting or cash flow hedge accounting.

The Group assesses the hedge effectiveness both at inception of the hedge and then at least at the end of each reporting period. Verification of the fulfilment of the conditions for the effectiveness of the relation is made on a prospective basis, based on qualitative analysis. If necessary, the Group uses quantitative analysis (linear regression) to confirm the existence of an economic relationship between the hedging instrument and the hedged item.

If the Group applies cash flow hedge accounting then:

- the portion of the gain or loss on the hedging instrument that is designated to be an effective hedge of the hedged risk is recognised in other comprehensive income;
- the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. If cash flows from operating activities are hedged, the ineffective portion is recognised in other income/expenses, and where the hedging covers cash flows from financing activities – in finance income/costs,
- capital gains or losses are reclassified to the statement of profit or loss, in the line item in which the hedged item is presented,
- capital gains or losses are derecognised and the initial value of the hedged item is adjusted.

For fair value hedges (operating activities), changes in the fair value of the hedging instrument and the hedged item are recognised in profit or loss as other income/expenses.

If a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or its designation is changed, the Group ceases to apply hedge accounting. Any accumulated gains or losses previously recognised in other comprehensive income until the planned transaction is completed and recognised are recognised as profit or loss for the current period.

3.3.2 *Financial instruments measured at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group classifies equity instruments, i.e. shares in other entities, as financial instruments measured at fair value through other comprehensive income.

Gains and losses on a financial asset which is an equity instrument for which the option to measure at fair value through other comprehensive income is applied are recognised in other comprehensive income, except for dividend income.

3.3.3 *Financial assets measured at amortised cost:*

A financial asset is classified as measured at amortised cost when the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group's financial assets measured at amortised cost include cash and cash equivalents, loans, and trade and other receivables.

Loans are presented under the following items of the statement of financial position: non-current portion – in other long-term financial investments, and current portion – in short-term investments.

Cash and cash equivalents in the consolidated statement of financial position include cash in hand and bank deposits with initial maturities of up to three months. The balance of cash and cash equivalents disclosed in the consolidated statement of cash flows comprises the same cash and cash equivalent items, less all outstanding overdrafts which form an integral part of the Group's cash management system.

The Group uses the effective interest rate method to measure financial assets measured at amortised cost.

After initial recognition, trade receivables are measured at amortised cost using the effective interest rate method, less impairment losses, where trade receivables maturing in less than 12 months from the date of origination (i.e. not containing a financing element) are not discounted and are measured at nominal value.

The Group classifies trade payables, borrowings and bonds as liabilities measured at amortised cost.

Interest income is recognised in the period to which it relates using the effective interest rate method and disclosed under finance income (in the note as interest income) in the statement of profit or loss.

3.3.4 Financial instruments measured at fair value through profit or loss

Current financial assets measured at fair value through profit or loss include assets acquired to obtain economic benefits from short-term price changes and assets that do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income. Current financial assets are initially recognised at cost and measured at fair value as at the reporting date. Fair value is determined through individual analysis based on discounted cash flows. The result of measurement is recognised in profit or loss.

Gains or losses on measurement of a financial asset classified as measured at fair value through profit or loss are recognised as finance income or costs, in profit or loss in the period in which they arise. Gains or losses on measurement of items measured at fair value through profit or loss also include interest income and dividend income.

The Group classifies as assets at fair value through profit or loss derivatives not designated for hedge accounting purposes and loans that do not meet the SPPI test (i.e. cash flows from these loans do not represent solely payments of principal and interest) because the frequency of interest rate changes does not match the interest calculation formula.

Liabilities under derivative instruments not designated for hedge accounting are classified by the Group as measured at fair value through profit or loss. After initial recognition, such liabilities are measured at fair value.

Gain or loss on fair value measurement of debt investments is recognised in profit or loss in the period in which they arise. These gains/losses on fair value measurement include interest received on financial instruments classified as measured at fair value.

3.4. Equity

Equity is recognised in the accounting books by categories, in accordance with the rules set forth in applicable laws and in the Parent's Articles of Association.

3.4.1 Share capital

Share capital is disclosed at the amount specified in the Articles of Association and recorded in the court register. The Group's share capital is the share capital of MLP Group S.A.

Preference shares are classified as equity if they are non-redeemable, or are redeemable only at the Parent's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference shares are classified as a liability if they are redeemable on a specific date or at the request of a holder of the shares, or if the dividend payments are not discretionary.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are presented as a separate item of equity, with a negative sign.

3.4.2 Statutory reserve funds

Statutory reserve funds are created from distribution of profits earned in previous years. Statutory reserve funds also include amounts transferred in accordance with the applicable laws.

3.4.3 Share premium

Share premium is presented as a separate item of equity. Costs directly attributable to the issue of ordinary shares and share options reduce equity.

3.4.4 Cash flow hedge reserve

Cash flow hedge reserve includes an effective portion of the gain or loss on a financial instrument that meets the hedge accounting requirements.

3.4.5 Capital reserve

Reserve capital comprises retained earnings from prior years.

3.4.6 Profit (loss) brought forward

This item includes undistributed profit (loss) from previous years.

3.5. Property, plant and equipment

Property, plant and equipment comprises items of property, plant and equipment, leasehold improvements, property, plant and equipment under construction, and property, plant and equipment adopted for use by the Group where the terms of the agreement transfer substantially all the potential benefits and risks and the assets are used for the Group's own needs, and their expected useful life exceeds one year.

3.5.1 Measurement of property, plant and equipment

Items of property, plant and equipment are recognised at cost, less depreciation charges and impairment losses. Items of property, plant and equipment which were remeasured to fair value as at 1 January 2006, i.e. the date of first-time application of EU IFRS by the Group, are measured at deemed cost equal to the fair value at the date of the remeasurement.

Acquisition cost includes purchase price of an item of property, plant and equipment and costs directly attributable to bringing the item to a condition necessary for it to be capable of operating, including expenses relating to transport, loading, unloading, and storage. Rebates, discounts and other similar concessions and returns reduce the cost of an asset. Cost of a self-constructed item of property, plant and equipment under construction comprises all costs incurred by the Group during its construction, installation and assembly, adaptation and improvement, as well as interest expense on borrowings taken out to finance the item of property, plant and equipment directly attributable to the production of the item of property, plant and equipment, until the date of its acceptance for use (or, if the item has not yet been commissioned for use, until the end of the reporting period). The cost also includes, where required, a preliminary estimate of costs of dismantling and removing the items of property, plant and equipment and restoring them to their original condition. Purchased software, necessary for the proper operation of related equipment, is capitalised as a part of this equipment.

If an item of property, plant and equipment consists of separate and significant parts with different economic useful lives, such components are treated as separate items of property, plant and equipment.

3.5.2 Subsequent expenditure

Subsequent expenditure on replacement of significant parts of property, plant and equipment is capitalised only when it can be measured reliably and it is probable that the Group will derive economic benefits from such replaced essential components of property, plant and equipment. Other expenditure is expensed in profit or loss as and when incurred.

3.5.3 Depreciation

Items of property, plant and equipment or their significant and separate parts are depreciated on a straight-line basis over the estimated useful life, allowing for the expected net selling price of an asset (residual value). Land is not depreciated. Depreciation is based on the cost of an item of property, plant and equipment, less its residual value, based on the adopted by the Group and periodically reviewed useful life of the item of property, plant and equipment. Property, plant and equipment are depreciated from the date when they are available for use until the earlier of: the day an item of property, plant and equipment is classified as held for sale, is

derecognised from the consolidated statement of financial position, the residual value of the asset exceeds its carrying amount, or when the asset has been fully depreciated.

The Group has adopted the following useful lives for particular classes of property, plant and equipment:

Buildings	10-40 years
Plant and equipment	3-16 years
Vehicles	5-7 years
Furniture and fixtures	1-5 years

The Group reviews the useful economic lives, depreciation methods and residual values (unless insignificant) of property, plant and equipment on a periodic basis.

3.6. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance whose cost has been reliably measured which is expected to generate future economic benefits to the Group.

Intangible assets acquired by the Group are recognised at cost less amortisation charges and impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless such useful life is indefinite. Intangible assets are amortised from the date they are available for use until the earlier of: the day an item of intangible assets is classified as held for sale, is derecognised from the consolidated statement of financial position, the residual value of the asset exceeds its carrying amount, or when the asset has been fully amortised.

3.7. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or for use in operating activities. Investment property is initially recognised at cost, increased by transaction costs. Following initial recognition, investment property is carried at fair value, with gains or losses from changes in the fair value recognised in profit or loss in the period in which they arise.

Investment property is derecognised from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any resulting gain or loss is recognised in profit or loss in the period in which the investment property was liquidated or sold.

Investment property is depreciated for tax purposes.

Recognition of right-of-use assets

In accordance with IFRS 16, the Group recognises assets under usufruct rights to land at discounted amounts of liabilities. These assets are presented on the statement of financial position in the same line item as the underlying assets owned by the Company would be presented. The item includes usufruct rights related to investment property. Depreciation of right-of-use assets is recognised in the statement of profit or loss in the same line items as other expenses of this type.

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

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

3.8. Investment property under construction

Investment property under construction is recognised as investment property.

Throughout the construction process the Group measures the investment property using the fair value method or the cost method. The cost method can be used in the following two cases:

- it is not possible to determine the fair value of the investment property under construction, but it is expected that such property may be measured at fair value after completion of the work,
- it is not possible to measure such property at fair value even after the construction process is completed.

Gains and losses arising from fair value measurement are recognised directly in profit or loss.

3.9. Leased assets - the Group as the lessee

Lease contracts under which the Group assumes substantially all risks and benefits resulting from the ownership of property, plant and equipment are classified as finance lease contracts. Property, plant and equipment acquired under finance lease contracts are initially recognised at the lower of their fair value or present value of the minimum lease payments, less any depreciation charges and impairment losses.

Lease payments are apportioned between finance costs and the reduction of the remaining balance of liabilities using the effective interest rate method. The finance cost is recognized directly in profit or loss. If there is no reasonable probability that items of property, plant and equipment used under finance lease contracts will be acquired as at the end of the lease term, they are depreciated over the shorter of the lease term and the useful life. Otherwise, property, plant and equipment are depreciated over their useful lives.

The Group does not recognise assets or lease liabilities arising under leases previously classified as operating leases in accordance with IAS 17 Leases. The estimated present value of outstanding lease payments is low and relates only to the leases of company cars.

3.10. Impairment of assets

3.10.1 Financial assets

IFRS 9 establishes a new approach to estimating impairment of financial assets measured at amortised cost or fair value through other comprehensive income (except for investments in equity and contract assets). The impairment model is based on the calculation of expected losses, as opposed to the previous model under IAS 39 which was based on the concept of incurred losses.

At each reporting date, the Group measures expected credit losses of a financial instrument in a way that reflects:

- a) an unbiased and probability-weighted amount of credit losses that is determined by evaluating a range of possible outcomes;
- b) time value of money and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

Changes in impairment losses are recognised in the statement of profit or loss and recognised as other expenses or finance costs, as appropriate, depending on the type of receivables for which an impairment loss is recognised.

3.10.2 Non-financial assets

Carrying amounts of non-financial assets other than biological assets, investment property, inventories and deferred tax assets are tested for impairment as at each reporting date. If any indication of impairment exists, the Group estimates the recoverable amount of particular assets. The recoverable amount of goodwill, intangible assets with infinite lives and intangible assets which are not yet fit for use is estimated at the end of each reporting period.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment of a cash-generating unit is first recognised as impairment of goodwill allocated to that unit (group of units), and subsequently as impairment of carrying amount of other assets of that unit (group of units) on pro-rata basis.

The recoverable amount of an asset or a cash-generating unit is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, projected cash flows are discounted at a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the asset. For assets that do not generate independent cash flows, value in use is estimated for the smallest identifiable cash generating units to which those assets are allocated.

Goodwill impairment losses are not reversed. For other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that impairment loss has decreased or no longer exists. Impairment losses are reversed if the estimates applied to the assessment of the recoverable amount have changed. An impairment loss is reversed only up to the carrying amount of an asset, less depreciation/amortisation charges that would have been made if the impairment loss had not been recognised.

3.11. Employee benefits

Defined benefit plans

Under current regulations all the Group companies have an obligation to withhold and pay social security contributions for their employees. Under IAS 19, these benefits constitute a state plan and are a defined contribution plan. Accordingly, the Group companies' obligations for each period are estimated based on the amounts to be contributed for a given year.

3.12. Assets under ongoing construction contracts

The Group companies, as part of their assets, present 'Assets from ongoing construction contracts', representing uninvoiced amounts of revenue recognised according to the stage of completion of the service, in line with the principles described in the revenue recognition policy.

3.13. Trade and other receivables

Trade receivables and other receivables representing financial assets are initially measured at fair value. Receivables that satisfy the SPPI test and are held for collection are measured at amortised cost including impairment losses calculated using the expected loss model. For short-term receivables, the fair value and amortized cost measurements are not materially different from the nominal amount.

For short-term trade receivables without a significant financing component, the Group applies the simplified approach required under IFRS 9 and measures impairment losses in the amount of credit losses expected over the entire lifetime of the receivable from initial recognition. The Group uses the provision matrix to calculate impairment losses on trade receivables classified in different age groups or delinquency periods. For the purpose of determining expected credit losses, trade receivables were grouped based on similarity of credit risk characteristics (one group of B2B receivables was identified).

To determine the overall default rate, an analysis of collectability of receivables for the last five years is carried out. Default rates are calculated for the following periods: not past due, past due up to 1 month; past due from 1 month to 3 months, past due from 3 months to 6 months, past due from 6 months to 1 year; past due more than 1 year. To determine the default rate for a given period, the amount of written off trade receivables is compared with the amount of outstanding receivables.

Impairment losses are calculated taking into account default rates adjusted for the effect of future factors and the amount of receivables outstanding at the reporting date for each period.

The Group concluded that it has homogeneous groups of receivables from institutional customers.

For receivables other than trade receivables, the Group applies a three-stage impairment model.

Impairment losses on receivables are charged to other expenses or finance costs, depending on the nature of the receivables. The amount of an impairment loss on receivables is determined in accordance with local legal regulations and taking into account specific provisions of contracts.

3.14. Cash and cash equivalents

Cash in bank accounts meets the SPPI test and the 'held for collection' business model test and is therefore measured at amortised cost with an impairment charge determined in accordance with the expected loss model.

Cash disclosed in the statement of cash flows comprises cash in hand and bank deposits maturing within three months that have not been treated as investment activity.

3.15. Provisions

Provisions are recognised when the Group has a liability resulting from a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows at a pre-tax rate which reflects current market estimates of changes in the time value of money and the risks associated with a given item of liabilities.

As at the reporting date, provisions are reviewed and appropriate adjustments are made, if necessary, to reflect the current most reliable estimate of their amount. Changes in provisions are charged directly to the appropriate cost item for which the provision was recognised.

3.16. Borrowings

Initially, bank and non-bank borrowings are recognised at cost equal to the fair value of the instrument. In subsequent periods, borrowings are measured at amortised cost, using the effective interest rate method,

which includes the cost of obtaining the borrowing as well as discounts or premiums obtained in settlement of liabilities.

Amortised cost includes the cost of obtaining the funding as well as any discounts or premiums obtained in connection with the liability. Any gains or losses are taken to profit or loss when the liability is derecognised or accounted for using the effective interest rate method.

If contract terms of a financial liability are modified in way that does not result in derecognition of the existing liability, the gain or loss is immediately recognised in profit or loss. Profit or loss is calculated as the difference between the present value of modified and original cash flows, discounted using the original effective interest rate of the liability.

3.17. Trade and other payables

Liabilities represent the Group's present obligation resulting from past events, the settlement of which will result in an outflow from the Group of resources embodying economic benefits.

Current liabilities include liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include in particular: trade payables, salaries, taxes, customs duties, insurance and other benefits.

Trade payables are recognised at nominal value. Interest, if any, is recognised when notes are received from suppliers.

Non-financial liabilities are measured at amounts receivable.

3.18. Revenue

3.15.1 Provision of construction services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the construction services provided at the end of the reporting period. The stage of completion is determined by reference to the amount of costs incurred. The outcome of the transaction is considered reliable if all of the following conditions are met: the revenue amount can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group, the degree of completion of the transaction as at the end of the reporting period can be reliably measured, and the costs incurred in connection with the transaction, as well as the costs of completion of the transaction may be measured reliably.

Revenue is recognised on the basis of the inputs incurred in meeting the performance obligation relative to the total expected inputs to the satisfaction of the performance obligation. When (or as) a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation.

3.15.2 Rental income

Rental income from investment property is excluded from the scope of IFRS 15 and is recognised in profit or loss on a straight-line basis over the term of the contract. Incentives offered to enter into a lease contract are recognised together with rental income.

3.19. Lease payments

Payments under lease contracts concluded by the Group, which, prior to the effective date of IFRS 16 *Leases*, were classified as operating leases in accordance with IAS 17 *Leases*, are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Minimum lease payments made under finance leases are apportioned between finance expense and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent payments are accounted for by adjusting the minimum lease payments over the remaining term of the lease, when the lease adjustment is confirmed.

This method of settlement applies to the lease of business cars for which the estimated present value of the lease payments outstanding is low and for which the company waived the recognition of assets and liabilities following the application of IFRS 16 *Leases*.

3.20. Finance income and costs

Finance income comprises interest income on funds invested by the Group, dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, foreign exchange gains, and such gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest rate method. Dividend income is recognised in profit or loss when the Group acquires the right to receive the dividend.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign exchange losses, fair value losses on financial instruments through profit or loss, impairment losses on financial assets, and gains and losses on hedging instruments recognised in profit or loss. Interest expense is recognised using the effective interest rate method.

3.21. Income tax

The calculation of current income tax is based on the tax profit for a given period determined in accordance with the applicable tax laws.

Income tax disclosed in profit or loss comprises current and deferred tax. Income tax is recognised in profit or loss, except for items that are settled directly with other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the tax payable on the taxable income or loss for the year, using tax rates enacted as at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance-sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities as determined for accounting purposes and the amounts used for tax purposes. Deferred tax liability is not recognised for the following temporary differences: goodwill whose amortisation is not treated as tax-deductible cost, initial recognition of assets or liabilities that do not affect accounting profit or taxable income, and differences associated with investments in subsidiaries to the extent it is not probable that they will be realised in the foreseeable future. The measurement of deferred tax reflects the expectations as to the manner in which the carrying amount of assets and liabilities is to be realised, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws enacted by the reporting date.

Income tax on dividend is recognised when the obligation to pay such dividend arises.

3.22. Earnings per share

The Group presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary shares by the weighted average number of ordinary shares in the period. Diluted earnings per share is calculated taking into account the profit attributable to holders of ordinary shares, the average number of ordinary shares, including notes or bonds convertible into shares, and options for shares granted to employees.

3.23. Segment reporting

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

The financial data prepared for management reporting purposes is based on the same accounting principles as those applied in the preparation of consolidated financial statements.

4. Financial risk management

The Group is exposed to the following risks arising from the financial instruments:

- Credit risk (Note 23.3.4),
- Liquidity risk (Note 23.3.1),
- Market risk (Notes 23.3.2 and 23.3.3).

The notes provide information on the Group's exposure to a given risk, the objectives, policies and procedures adopted by the Group to manage that risk and the way in which the Group manages its capital.

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor the risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Using such tools as training, management standards and procedures, the Group seeks to build an environment in which all employees understand their respective roles and responsibilities.

4.1. Credit risk

Credit risk is the risk of financial loss to the Group if a trading partner or counterparty to a transaction fails to meet its contractual obligations. Credit risk arises principally from the Group's receivables from customers, loans and cash and cash equivalents.

4.1.1 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Structure of the customer base, including the default risk of the industry in which the customers operate, have less significant effect on credit risk.

There are no significant concentrations of credit risk with respect to the Group's customers. The Group manages the risk by demanding that customers provide bank guarantees to secure rental payments. In some cases, tenants also provide security deposits.

In only few cases has the Group incurred losses as a result of a customer's failure to pay.

4.1.2 Loans

The Group's credit risk from loans relates mainly to receivables from related parties. At the moment there are no indicators that related parties will not be able to repay the loans.

4.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its financial liabilities when they become due.

The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to repay its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash and cash equivalents are maintained at a level sufficient to cover operating expenses. This excludes the potential impact of extreme circumstances that cannot be predicted, such as natural disasters.

4.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or prices of securities, affect the value of the Group's financial instruments or its future performance.

The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the rate of return.

4.3.1 Currency risk

Currency risk arises in connection with sale, purchase, credit and loan transactions which are denominated in currencies (chiefly the euro) other than the functional currency of the Group companies.

The Group contracts bank borrowings denominated in the euro, while construction works are invoiced in the złoty. Therefore, in the period between the launch of a credit line and its full utilisation, the Group is exposed to the risk of appreciation of the Polish currency against the euro. A significant change in the relative strength the złoty against the euro means that the credit lines provided by the bank at start of project execution may prove insufficient to finance the total cost of construction of a logistics park.

The Group uses natural hedging as its main financing and operating cash flows are denominated in the same currency, i.e. both bank borrowings and lease contracts are denominated in the euro.

The Group holds available cash in PLN, EUR, RON and USD in proportion which allows achieving an effect of natural hedging.

4.3.2 Interest rate risk

The main objective of the interest rate risk management is to protect the Company from variable market conditions and to enable precise planning of costs in individual periods. Accordingly, the effect of hedging activities should be recognised in a manner that does not affect profit or loss as hedging effects are not of operating nature.

A way to satisfy the above condition, i.e. to precisely define the level of interest expense, is to conclude an interest rate swap contract with a bank. To mitigate interest rate risk, the Group entered into a number variable-to-fixed interest rate swap contracts with banks. The purpose is to hedge interest cash flows exposed to interest rate risk. The hedging contracts cover the reference rate 1M EURIBOR and 3M EURIBOR. Bank margins are not covered by the hedging arrangements. At MLP Pruszków I Sp. z o.o., MLP Czeladź Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Pruszków IV Sp. z o.o., MLP Lublin Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Teresin Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Wrocław Sp. z o.o., MLP Pruszków V Sp. z o.o. and MLP Poznań Sp. z o.o., future interest payments under on variable-rate facilities are effectively converted into interest payments calculated according to the relevant swap contract schedules. The companies receive from the banks amounts equivalent to the product of the reference rate and the facility amount equal to the amount which the companies would pay if a floating rate was applied.

The purpose is to hedge interest cash flows exposed to interest rate risk.

4.4. Capital management

Capital corresponds to the equity presented in the consolidated statement of financial position.

The Management Board seeks to secure a strong capital structure to maintain the trust and confidence of investors, lenders and the broad market, and to maintain the Group's further growth.

The Management Board monitors return on capital, defined as operating profit divided by equity, excluding non-redeemable preferred shares and non-controlling interests. The Management Board also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the reporting period.

Neither the Parent nor any of its subsidiaries is subject to external capital requirements.

5. 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, and abroad: since April 2017 in Germany, since October 2017 in Romania, and since October 2020 in Austria. 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 31 December 2020 and in the reporting period then ended the Group had four geographical segments - Poland, Germany, Romania and Austria.

Operating segments:

<i>for the year ended 31 December 2020</i>	Poland	Germany	Romania	Austria	Intersegment eliminations	Total
Revenue						
Sales to external customers	180,064	7,477	3,154	-	-	190,695
Gain/(loss) on revaluation of investment property	162,026	56,832	(5,533)	-	-	213,325
Total segment revenue	342,090	64,309	(2,379)	-	-	404,020
Segment's operating profit/(loss)	243,923	56,420	(4,578)	(96)	209	295,878
Segment's other income/(expense)	1,880	128	(47)	-	-	1,961
Profit/(loss) before tax and net finance costs	245,803	56,548	(4,625)	(96)	209	297,839
Net finance income/(costs)	(86,418)	(2,276)	(1,200)	(3)	2,165	(87,732)
Profit/(loss) before tax	159,385	54,272	(5,825)	(99)	2,374	210,107
Income tax	(31,357)	(9,066)	685	-	-	(39,738)
Net profit/(loss)	128,028	45,206	(5,140)	(99)	2,374	170,369

<i>for the year ended 31 December 2019</i>	Poland	Germany	Romania	Austria	Intersegment eliminations	Total
Revenue						
Sales to external customers	135,527	4,181	780	-	(456)	140,032
Gain/(loss) on revaluation of investment property	106,494	7,097	7,206	-	-	120,797
Total segment revenue	242,021	11,278	7,986	-	(456)	260,829
Segment's operating profit/(loss)	169,715	5,642	6,983	-	763	183,103
Segment's other income/(expense)	(3,192)	105	(1)	-	-	(3,088)
Profit/(loss) before tax and net finance costs	166,523	5,747	6,982	-	763	180,015
Net finance income/(costs)	(16,036)	(1,751)	(776)	-	1,765	(16,798)
Profit/(loss) before tax	150,487	3,996	6,206	-	2,528	163,217
Income tax	(31,451)	(1,254)	(1,143)	-	-	(33,848)
Net profit/(loss)	119,036	2,742	5,063	-	2,528	129,369

<i>as at 31 December 2020</i>						
	Poland	Germany	Romania	Austria	Intersegment eliminations	Total
Assets and liabilities						
Segment's assets	2,597,833	169,905	77,750	34,255	(196,851)	2,682,892
Total assets	2,597,833	169,905	77,750	34,255	(196,851)	2,682,892
Segment's liabilities	1,448,155	118,653	66,869	34,334	(196,851)	1,471,160
Equity	1,149,678	51,252	10,881	(79)	-	1,211,732
Total equity and liabilities	2,597,833	169,905	77,750	34,255	(196,851)	2,682,892
Expenditure on properties	232,028	53,010	7,693	5,926	-	298,657

<i>as at 31 December 2019</i>						
	Poland	Germany	Romania	Austria	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

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

6. Revenue

<i>for the year ended 31 December</i>		2020	2019
Rental income		137,715	109,121
Other revenue		35,238	29,551
Revenue from development contract concluded by MLP Bieruń Sp. z o.o. ¹⁾		-	1,360
Revenue from development contract concluded by MLP Group S.A. ²⁾		17,742	-
Total revenue		190,695	140,032

<i>for the year ended 31 December</i>		2020	2019
Recharge of utility costs		33,581	28,070
Rental income from residential units		72	34
Services provided to tenants		1,331	1,260
Other revenue		254	187
Other revenue		35,238	29,551

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.

²⁾ MLP Group S.A. signed a property development contract with Westinvest Gesellschaft für Investmentfonds GmbH, under which in 2020-2021 a warehouse will be constructed on third-party land in Tychy. In 2020, the Group recognised revenue from the contract of PLN 17,742 thousand, calculated based on the percentage of completion of the work.

In accordance with the type of contract criterion (IFRS 15), revenue derived from the development contracts in 2019 and 2020 is revenue from fixed-price contracts, of PLN 1,360 thousand and PLN 17,742 thousand, respectively. The asset was recognised in the Polish segment and will be accounted for in 2021.

7. Other income

<i>for the year ended 31 December</i>	2020	2019
Reimbursement of court fees	8	3
Reversal of impairment losses on receivables	26	34
Contractual penalties received	1,650	215
Other	1,247	1,062
Gain on disposal of non-financial non-current assets	9	-
Reversal of provision for future costs	27	3
Other income	2,967	1,317

8. Other expenses

<i>for the year ended 31 December</i>	2020	2019
Loss on disposal of non-financial non-current assets	-	(453)
Impairment losses on receivables	(56)	(1,817)
Court fees	(240)	(218)
Costs of donations	(12)	(18)
Costs of insurance policies	(21)	(827)
Other	(156)	(919)
Cost of utility service lines	(256)	-
Damages and contractual penalties	(265)	(153)
Other expenses	(1,006)	(4,405)

9. Distribution costs and administrative expenses

<i>for the year ended 31 December</i>	2020	2019
Depreciation and amortisation	(695)	(930)
Raw materials and consumables used	(31,588)	(27,126)
Services	(47,368)	(26,230)
Taxes and charges	(19,318)	(17,156)
Wages and salaries	(5,892)	(4,407)
Social security and other employee benefits	(752)	(568)
Other expenses by nature	(1,062)	(1,278)
Merchandise and materials sold	(1,467)	(31)
Distribution costs and administrative expenses	(108,142)	(77,726)

Distribution costs and administrative expenses for the period ended 31 December 2020 were 108,142 thousand and for the most part include 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.

The cost of raw materials and consumables used in 2019 and 2020 included, among other things, cost of electricity, gas and related certificates, and amounted to PLN 21,687 thousand and PLN 26,494 thousand, respectively.

In 2019, costs of services included costs of the development project carried out at MLP Bieruń Sp. z o.o. The company recognised total costs of services at PLN 17,520 thousand on the project, including PLN 649 thousand in 2019. In 2020, costs of services included PLN 12,821 thousand related to the development contract at MLP Group S.A.

10. Finance income and costs

<i>for the year ended 31 December</i>	2020	2019
Interest on loans	548	1,035
Net interest on cash flow hedge	-	93
Ineffective portion of remeasurement of cash flow hedges	-	3
Closure of IRS transaction in connection with refinancing of facilities used by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o.	-	3,734
Interest on bank deposits	17	48
Sale of receivables	1,237	-
Net exchange differences	-	5,337
Other interest	-	36
Interest on receivables	6	24
Total finance income	1,808	10,310

<i>for the year ended 31 December</i>	2020	2019
Interest on borrowings	(13,300)	(11,932)
Other interest	(583)	(208)
Interest paid on swap contracts	(3,509)	(8,301)
Net interest on cash flow hedge	(42)	-
Ineffective portion of remeasurement of cash flow hedges	16	-
Net exchange differences	(63,387)	-
Interest on bonds	(7,327)	(3,736)
Other finance costs	(412)	(270)
Debt service costs	(996)	(2,661)
Total finance costs	(89,540)	(27,108)

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.

On 28 August 2020, MLP Wrocław Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 2 October 2020, MLP Lublin Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Powszechna Kasa Oszczędności Bank Polski S.A.

On 30 January 2020, MLP Gliwice Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 6 November 2020, MLP Prószków V Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with BNP Paribas Bank Polska S.A.

On 2 December 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.

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 31 December 2020, the Polish currency depreciated by PLN 0.3563, or 8.37%. The depreciation of the złoty against the euro resulted in foreign exchange losses of PLN 63,387 thousand, which contributed to the Group's net finance income (costs).

11. Income tax

In accordance with Polish laws, in 2020 and 2019, consolidated entities calculated their corporate income tax liabilities at 9% or 19% of taxable income. The lower tax rate was applicable to small taxpayers.

In 2020 and 2019, the following tax rates were applied by the Group's foreign operations to calculate current income tax liabilities: in Germany: 15.825%, in Romania: 16%, and in Austria: 25%.

<i>for the year ended 31 December</i>	2020	2019
Current income tax	6,833	5,623
Temporary differences/reversal of temporary differences	32,905	28,225
Income tax	39,738	33,848

Effective tax rate

<i>for the year ended 31 December</i>	2020	2019
Profit before tax	210,107	163,217
<i>Tax at the applicable tax rate (19%)</i>	<i>(39,920)</i>	<i>(31,011)</i>
Excess of commercial property tax over income tax	(28)	(1,522)
Tax rate change from 19% to 9%	(222)	615
Non-taxable income	(617)	-
Difference due to different rates of tax paid by the German and Romanian companies	1,811	391
Unrecognised asset for tax loss	(968)	(2,094)
Write off of unused deferred tax asset for tax loss	(297)	(6)
Use of tax previously written off	201	-
Expenses not deductible for tax purposes	302	-
Income tax	(39,738)	(33,848)

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.

12. Investment property

<i>as at 31 December</i>	2020	2019
Gross amount at beginning of period	1,809,850	1,448,594
Expenditure on properties	298,657	242,020
Currency translation differences	9,067	(1,561)
Change in fair value	213,325	120,797
Gross amount at end of period	2,330,899	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 31 December 2020 included a perpetual usufruct asset measured at PLN 37,063 thousand.

In the period from 31 December 2019 to 31 December 2020, the value of investment property increased by EUR 77,840 thousand, to EUR 497,058 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 0.3563 (8.37%) contributed to the change in the carrying amount of investment property as translated from the euro into the złoty and a PLN 149,367 thousand increase in the property's fair value as at 31 December 2020.

The Group is a party to litigation concerning revision of the perpetual usufruct charge for some of the land of MLP Pruszków II logistics park and the land of MLP Business Park Poznań logistics park acquired in 2020. 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 finance lease liabilities.

Investment property by parks

<i>as at 31 December</i>		2020	2019
Park MLP Pruszków I			
	Fair value of property - MLP Pruszków I	425,531	383,393
	Usufruct - MLP Pruszków I	17,517	17,774
		443,048	401,167
Park MLP Pruszków II			
	Fair value of property - MLP Pruszków II	671,361	546,042
	Usufruct - MLP Pruszków II	6,813	6,914
		678,174	552,956
Park MLP Poznań			
	Fair value of property - MLP Poznań	159,026	135,207
		159,026	135,207
Park MLP Lublin			
	Fair value of property - MLP Lublin	159,718	146,037
		159,718	146,037
Park MLP Teresin			
	Fair value of property - MLP Teresin	78,452	71,841
		78,452	71,841
Park MLP Gliwice			
	Fair value of property - MLP Gliwice	151,735	111,219
		151,735	111,219
Park MLP Wrocław			
	Fair value of property - MLP Wrocław	142,967	122,645
		142,967	122,645
Park MLP Czeladź			
	Fair value of property - MLP Czeladź	88,466	81,380
		88,466	81,380
Park MLP Poznań West			
	Fair value of property - MLP Poznań West	101,618	79,378
		101,618	79,378

<i>as at 31 December</i>		2020	2019
Park MLP Unna			
	Fair value of property - MLP Unna	95,526	32,450
		95,526	32,450
Park MLP Bucharest West			
	Fair value of property - MLP Bucharest West	74,696	72,536
		74,696	72,536
Park MLP Łódź			
	Fair value of property - MLP Łódź	14,029	-
	Usufruct - MLP Łódź	183	-
		14,212	-
Park MLP Poznań Business Park			
	Fair value of property - MLP Poznań Business Park	32,719	-
	Usufruct - MLP Poznań Business Park	12,550	-
		45,269	-
Park MLP Wrocław West			
	Fair value of land - MLP Wrocław West	24,551	-
	Expenditure on property at cost	20,635	-
		45,186	-
Park MLP Business Park Berlin			
	Fair value of property - MLP Business Park Berlin	45,917	-
		45,917	-
	Expenditure on new projects, other than those specified above	6,775	2,909
	MLP Energy – residential units	114	125
Gross amount at end of period		2,330,899	1,809,850

For information on investment property pledged as security, see Note 26.

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.

12.1. Fair value measurement 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).

Property valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Standards. They comply 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 year ended 31 December 2020, there were no transfers between the levels.

Fair value measurement using significant unobservable inputs (Level 3)

	Fair value as at 31 December 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	EUR 92,210 thousand	Income approach	Monthly rent rate per m ²	(3.36 EUR/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
EUR 92,210 thousand					
MLP Pruszków II logistics park					
(i) warehouse and office buildings	EUR 127,853 thousand	Income approach	Monthly rent rate per m ²	3.38 - 4.63 EUR/m ² (3.76 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
i) parking lot	EUR 3,117 thousand	Income approach	Monthly rent	EUR 7.89-11.66 thousand (EUR 9.77 thousand)	The higher the rent, the higher the fair value
			Yield rate	6.5% - 8% (7.25%)	The lower the yield rate, the higher the fair value
(iii) land with building permit	EUR 14,510 thousand	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
EUR 145,480 thousand					

	Fair value as at 31 December 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	EUR 29,170 thousand	Income approach	Monthly rent rate per m ²	3.50 - 3.80 EUR/m ² (3.67 EUR/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	EUR 5,290 thousand	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
EUR 34,460 thousand					
MLP Lublin logistics park					
(i) warehouse and office buildings	EUR 34,520 thousand	Income approach	Monthly rent rate per m ²	3.66 - 3.80 EUR/m ² (3.73 EUR/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	EUR 90 thousand	Market approach	Price per m ²	45.07 EUR/m ² (208.00 PLN/m ²)	The higher the price per m ² , the higher the fair value
EUR 34,610 thousand					
MLP Teresin logistics park					
(i) warehouse and office buildings	EUR 17,000 thousand	Income approach	Monthly rent rate per m ²	(2.92 EUR/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
EUR 17,000 thousand					

	Fair value as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
MLP Gliwice logistics park					
(i) warehouse and office buildings	EUR 32,110 thousand	Income approach	Monthly rent rate per m ²	3.28 - 5.59 EUR/m ² (4.23 EUR/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	EUR 770 thousand	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
EUR 32,880 thousand					
MLP Wrocław logistics park					
(i) warehouse and office buildings	EUR 28,640 thousand	Income approach	Monthly rent rate per m ²	3.24 - 4.25 EUR/m ² (3.68 EUR/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	EUR 2,340 thousand	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
EUR 30,980 thousand					

	Fair value as at 31 December 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	EUR 12,970 thousand	Income approach	Monthly rent rate per m ²	(3.88 EUR/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	EUR 6,200 thousand	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
EUR 19,170 thousand					
MLP Unna logistics park					
(i) land with building permit	EUR 20,700 thousand	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
EUR 20,700 thousand					
MLP Bucharest West logistics park					
(i) warehouse and office buildings	EUR 11,504 thousand	Income approach	Monthly rent rate per m ²	4.00 - 4.05 EUR/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 with building permit	EUR 4,679 thousand	Market approach	Price per m ²	34 EUR/m ² (156.90 PLN/m ²)	The higher the price per m ² , the higher the fair value
EUR 16,183 thousand					

	Fair value as at 31 December 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	EUR 17,770 thousand	Income approach	Monthly rent rate per m ²	3.25 - 6.35 EUR/m ² (4.80 EUR/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	EUR 4,250 thousand	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
	EUR 22,020 thousand				
MLP Łódź logistics park					
(i) land reserve	EUR 3,040 thousand	Market approach	Price per m ²	18.20 EUR/m ² (84.00 PLN/m ²)	The higher the price per m ² , the higher the fair value
	EUR 3,040 thousand				
MLP Wrocław West logistics park					
(i) land reserve	EUR 5,320 thousand	Market approach	Price per m ²	60.24 EUR/m ² (278.00 PLN/m ²)	The higher the price per m ² , the higher the fair value
	EUR 5,320 thousand				
Poznań Business Park logistics park					
(i) warehouse and office buildings	EUR 6,120 thousand	Income approach	Monthly rent rate per m ²	(2.63 EUR/m ²)	The higher the rent rate, the higher the fair value
			Yield rate	7% - 8% (7.5%)	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 970 thousand	Market approach	Price per m ²	(64.79 EUR/m ²) (299 PLN/m ²)	The higher the price per m ² , the higher the fair value
	EUR 7,090 thousand				

	Fair value as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
Business Park Berlin logistics park					
(i) land with building permit	EUR 9,950 thousand	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
	EUR 9,950 thousand				
	EUR 491,093 thousand				

(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)

	Carrying amount 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	EUR 90,030 thousand	Income approach	Monthly rent rate per m ²	(3.33 EUR/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
	EUR 90,030 thousand				
MLP Pruszków II logistics park					
(i) warehouse and office buildings	EUR 101,405 thousand	Income approach	Monthly rent rate per m ²	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	EUR 4,170 thousand	Income approach	Monthly rent	EUR 30.64 thousand	The higher the rent, the higher the fair value
			Yield rate	8.00%	The lower the yield rate, the higher the fair value
(iii) parking lot	EUR 3,195 thousand	Income approach	Monthly rent	EUR 7.80-11.52 thousand (EUR 9.66 thousand)	The higher the 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	EUR 3,194 thousand	Market approach	Price per m ²	58.71 EUR/m ² (250.00 PLN/m ²)	The higher the price per m ² , the higher the fair value

	Carrying amount as at 31 December 2019	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
(v) land with building permit	EUR 16,260 thousand	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
EUR 128,224 thousand					
MLP Poznań logistics park					
(i) warehouse and office buildings	EUR 29,140 thousand	Income approach	Monthly rent rate per m ²	3.34 - 3.8 EUR/m ² (3.61 EUR/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	EUR 2,610 thousand	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
EUR 31,750 thousand					
MLP Lublin logistics park					
(i) warehouse and office buildings	EUR 34,160 thousand	Income approach	Monthly rent rate per m ²	3.25 - 3.8 EUR/m ² (3.57 EUR/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	EUR 133 thousand	Market approach	Price per m ²	45.79 EUR/m ² (195.00 PLN/m ²)	The higher the price per m ² , the higher the fair value
EUR 34,293 thousand					

	Carrying amount 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	EUR 16,870 thousand	Income approach	Monthly rent rate per m ²	2.92 EUR/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
EUR 16,870 thousand					
MLP Gliwice logistics park					
(i) warehouse and office buildings	EUR 22,057 thousand	Income approach	Monthly rent rate per m ²	3.28 - 3.83 EUR/m ² (3.56 EUR/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	EUR 4,060 thousand	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
EUR 26,117 thousand					
MLP Wrocław logistics park					
(i) warehouse and office buildings	EUR 17,930 thousand	Income approach	Monthly rent rate per m ²	3.55 - 4.22 EUR/m ² (3.88 EUR/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	EUR 10,870 thousand	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
EUR 28,800 thousand					

	Carrying amount 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	EUR 12,910 thousand	Income approach	Monthly rent rate per m ²	(3.88 EUR/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	EUR 6,200 thousand	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
EUR 19,110 thousand					
MLP Unna logistics park					
(i) land with building permit	EUR 7,620 thousand	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
EUR 7,620 thousand					
MLP Bucharest West logistics park					
(i) warehouse and office buildings	EUR 11,684 thousand	Income approach	Monthly rent rate per m ²	4.00 - 4.05 EUR/m ² (4.03 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	EUR 5,367 thousand	Market approach	Price per m ²	39 EUR/m ² (166.08 PLN/m ²)	The higher the price per m ² , the higher the fair value
EUR 17,051 thousand					

	Carrying amount 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	EUR 10,790 thousand	Income approach	Monthly rent rate per m ²	(6.35 EUR/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	EUR 7,850 thousand	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
	EUR 18,640 thousand				
	EUR 418,505 thousand				

(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

13. Deferred tax

	Deferred tax assets	Deferred tax assets	Deferred tax liabilities	Deferred tax liabilities	Net amount	Net amount
<i>as at</i>	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Investment property	-	-	194,100	148,706	194,100	148,706
Borrowings and loans	11,276	-	-	575	(11,276)	575
Derivatives	2,987	1,574	-	-	(2,987)	(1,574)
Other	1,713	971	-	-	(1,713)	(971)
Tax losses deductible in future periods	2,842	3,848	-	-	(2,842)	(3,848)
Interest on bonds	459	93	-	-	(459)	(93)
Deferred tax assets / liabilities	19,277	6,486	194,100	149,281	174,823	142,795

	<i>as at</i>	31 December 2020	31 December 2019
Including:			
Deferred tax asset		(5,355)	(2,495)
Deferred tax liability		180,178	145,290
		174,823	142,795

As at 31 December 2020, the unrecognised deferred tax asset for tax loss was PLN 11,269 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	changes recognised in other comprehensive income	currency translation differences	31 December 2020
Investment property	148,706	44,855	-	539	194,100
Borrowings and loans	575	(11,851)	-	-	(11,276)
Derivatives	(1,574)	3	(1,416)	-	(2,987)
Other	(971)	(742)	-	-	(1,713)
Tax losses deductible in future periods	(3,848)	1,006	-	-	(2,842)
Interest on bonds	(93)	(366)	-	-	(459)
	142,795	32,905	(1,416)	539	174,823

14. Investments and other investments

<i>as at 31 December</i>	2020	2019
Other long-term investments	28,674	19,832
Long-term loans to related entities	24,539	3,994
Other long-term investments	53,213	23,826
Short-term loans to related entities	7,958	41,549
Short-term loans to other entities	-	22,139
Money fund units	20,000	-
Short-term investments	27,958	63,688
Restricted cash	10,108	2,774
Other short-term investments	10,108	2,774

Other long-term investments comprised non-current portion of restricted cash of PLN 28,674 thousand, including: (i) cash of PLN 18,781 thousand set aside pursuant to the terms of credit facility agreements to secure payment of principal and interest, (ii) PLN 5,879 thousand, a deposit created from a security deposit retained from a tenant, (iii) and other retained security deposits of PLN 4,014 thousand.

Other short-term investments comprise the current portion of restricted cash of PLN 10,108 thousand, including: (i) a short-term portion of retained security deposit of PLN 1969 thousand and (ii) a short-term portion of funds set aside pursuant to the terms of credit facility agreements of PLN 1,217 thousand, and (iii) collateral for investments in the MLP Berlin I logistics park in the amount of PLN 6,922 thousand.

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

	<i>Loan assets</i>
Amount as at 31 December 2019	67,682
Interest accrued	548
Payment of interest on loan	(3,405)
Loan advanced	4,850
Repayment of principal	(22,139)
Realised foreign exchange gains/(losses)	(15,776)
Change in carrying amount	720
Amount as at 31 December 2020	32,497

15. Trade and other receivables

<i>as at 31 December</i>	2020	2019
Trade payables	13,428	7,886
Investment settlements	266	4,175
Prepayments and accrued income	16,133	8,617
Accrued income from the development contract concluded by MLP Bieruń Sp. z o.o.	-	10
Advance payment for purchase of land	33,971	15,677
Other receivables	-	3,985
Taxes and social security receivable	18,632	26,778
Trade and other receivables	82,430	67,128
Income tax payable	807	234
Short-term receivables	83,237	67,362

For more information on receivables from related entities, see Note 27.

The Group uses the impairment loss matrix to calculate expected credit losses. In order to determine expected credit losses, trade receivables were grouped on the basis of similarity between credit risk characteristics and past due periods. The Group concluded that it has the following homogeneous groups of receivables: receivables from tenants and receivables under development contracts.

The time past due structure of trade receivables and impairment losses are presented in the table below.

<i>as at 31 December</i>	2020		2019	
	Gross receivables	Impairment loss	Gross receivables	Impairment loss
Not past due	6,979	-	5,102	-
Past due:				
1 to 90 days	3,438	-	4,937	-
91 to 180 days	1,306	-	477	(3)
over 180 days	6,222	(4,517)	8,679	(7,321)

	2020	2019
Impairment losses on receivables as at 1 January	(7,324)	(5,526)
Recognition of impairment loss	-	(1,815)
Reversal of impairment loss	3	17
Use of impairment loss	2,804	-
Impairment losses on receivables as at 31 December	(4,517)	(7,324)

16. Cash and cash equivalents

	<i>as at 31 December</i>	2020	2019
Cash in hand		52	53
Cash at banks		162,957	94,179
Short-term deposits		-	7,814
Cash and cash equivalents in the consolidated statement of financial position		163,009	102,046
Cash and cash equivalents in the consolidated statement of cash flows		163,009	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.

Impairment losses on cash and cash equivalents were determined separately for each balance held with the financial institutions. Credit risk was assessed using external credit ratings and publicly available information on default rates set by external agencies for a given rating. The analysis showed that the credit risk of the assets as at the reporting date was low. The Group used the practical expedients permitted under the standard, and the impairment loss was determined on the basis of 12-month expected credit losses. The amount of impairment losses is immaterial.

17. Notes to the consolidated statement of cash flows

17.1. Cash flows from borrowings

	<i>for the year ended 31 December</i>	2020	2019
Proceeds from bank borrowings		94,368	507,993
Proceeds from non-bank borrowings		48	(102)
Cash flows from borrowings		94,416	507,891
Elimination of non-bank borrowings from Fenix Polska Sp. z o.o.		(48)	-
Cash flows from borrowings		94,368	507,891
Cash flows from borrowings - amount disclosed in the consolidated statement of cash flows		94,368	507,891

<i>for the year ended 31 December</i>	2020	2019
Repayment of principal instalments on bank borrowings	(23,682)	(302,918)
Repayment of non-bank borrowings	(15,810)	(5,188)
Total cash flows from borrowings	(39,492)	(308,106)
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.	15,529	5,310
Cash flows from repayment of borrowings	(23,963)	(302,796)
Cash flows from repayment of borrowings – amount disclosed in the consolidated statement of cash flows	(23,963)	(302,796)

<i>for the year ended 31 December</i>	2020	2019
Cash flows from loans	(4,850)	(800)
Cash flows from loans	(4,850)	(800)
Total cash flows from loans - amount disclosed in the consolidated statement of cash flows	(4,850)	(800)

<i>for the year ended 31 December</i>	2020	2019
Total cash flows from repayment of loans	15,775	6,110
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.	(15,529)	(5,310)
Total cash flows from repayment of loans	246	800
Total cash flows from repayment of loans - amount disclosed in the consolidated statement of cash flows	246	800

17.2. Change in receivables

<i>for the year ended 31 December</i>	2020	2019
Change in inventories	(6)	96
Change in trade and other receivables	(15,302)	(9,374)
Change in assets from ongoing construction contracts	(6,403)	-
Settlement of interim dividend	(3,985)	-
Elimination of advance payment for land purchase	33,971	-
Other adjustments	-	3,985
Change in receivables	8,275	(5,293)
Change in receivables disclosed in the condensed consolidated statement of cash flows	8,275	(5,293)

17.3. Change in current and other liabilities

	<i>for the year ended 31 December</i>	2020	2019
Change in trade and other payables		(51,180)	57,771
Change in employee benefit obligations		664	217
Change in current liabilities under performance bonds and security deposits		(3,194)	(1,851)
Change in finance lease liabilities		12,375	14,009
Elimination of changes in investment commitments		41,866	(24,781)
Change in current and other liabilities		531	45,365
Change in current and other liabilities disclosed in the consolidated statement of cash flows		531	45,365

18. Equity

18.1. Share capital

	<i>as at 31 December</i>	2020	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
Series D ordinary shares		1,607,000	-
		19,720,255	18,113,255
Par value per share		0.25	0.25

As at 31 December 2020, the Parent's share capital amounted to PLN 4,930,063.75 and was divided into 19,720,255 shares conferring 19,720,255 voting rights in the Company. The par value per share is PLN 0.25 and the entire capital has been paid up.

On 29 June 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.

On 27 October 2020, the Parent issued 1,607,000 Series D ordinary shares with a total par value of PLN 401,750. The par value per Series D share is PLN 0.25 and all the shares have been paid up. Following

registration with the National Court Register and the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.), the total number of shares and voting rights is 19,720,255.

On 8 December 2020, the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division of the National Court Register, recorded in the Business Register of the National Court Register an increase in the Company's share capital from PLN 4,528,313.75 to PLN 4,930 063.75.

Series D ordinary bearer shares with a par value of PLN 0.25 per share were introduced to trading on the main market of the WSE on 30 December 2020 under ISIN code PLMLPGR00017.

Changes in the share capital in the reporting period:

<i>as at 31 December</i>	2020	2020	2019	2019
	number of shares	Par value	number of shares	Par value
Number/value of shares at beginning of period	18,113,255	4,529	18,113,255	4,529
Issue of shares	1,607,000	402	-	-
Number/value of shares at end of period	19,720,255	4,931	18,113,255	4,529

For information on shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company as at the date of authorisation of these financial statements, see Note 1.4. 1.

19. 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 year ended 31 December</i>	2020	2019
Net profit(loss) for the period	170,369	129,369
Number of outstanding shares	19,720,255	18,113,255
Weighted average number of outstanding shares	19,720,255	18,113,255

Earnings per share attributable to owners of the Parent during the reporting period (PLN per share):

<i>for the year ended 31 December</i>	2020	2019
- basic	8.64	7.14
- diluted	8.64	7.14

There were no dilutive factors in the presented periods.

Dividend per share for each reporting period is calculated as quotient of the dividend paid in the period and the weighted average number of shares outstanding in the reporting period.

<i>as at 31 December</i>	2020	2019
Interim dividend paid	-	3,985
Weighted average number of outstanding shares	-	18,113,255
Interim dividend per share for the period (PLN per share):	-	0.22

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

20.1. Non-current liabilities

	<i>as at 31 December</i>	2020	2019
Borrowings secured with the Group's assets		761,745	638,455
Bonds ¹⁾		346,110	127,755
Non-bank borrowings		24,623	14,283
Non-current liabilities under borrowings and other debt instruments		1,132,478	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 issued as unsecured instruments. 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 PLMLPGR00058, and have been traded in the Catalyst alternative trading system since 26 February 2020 (abbreviated name: MLP0225). The bonds pay variable interest at 6M EURIBOR plus margin. The maturity date of the bonds is 19 February 2025, and the bonds have been issued with an early redemption option.

On 16 October 2020, the Company issued, by way of public offering for qualified investors, 15,000 Series C1 bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 15,000,000. The bonds were issued as unsecured instruments. 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 PLMLPGR00066, and the bonds have been traded in the Catalyst alternative trading system since 18 November 2020 (abbreviated name: MLP0225). The bonds pay variable interest at 6M EURIBOR plus margin. The maturity date of Series C1 bonds is 19 February 2025.

On 18 November 2020, Series C1 bonds were assimilated with Series C bonds. The ISIN code of the assimilated Series C bonds is PLMLPGR00058 (i.e. the same as the code previously assigned to Series C bonds), and the bonds have been listed in the Catalyst alternative trading system since 18 November 2020 (abbreviated name: MLP0225).

	<i>as at 31 December</i>	2020	2019
Finance lease liabilities (perpetual usufruct of land) ²⁾		37,063	24,688
Liabilities from measurement of SWAP transactions		15,686	8,161
Performance bonds		3,713	9,017
Security deposits from tenants and other deposits		5,596	3,486
Other non-current liabilities		62,058	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 finance lease liabilities.

20.2. Current liabilities

<i>as at 31 December</i>	2020	2019
Short-term bank borrowings and short-term portion of bank borrowings secured with the Group's assets	28,418	22,523
Bonds	2,420	491
Non-bank borrowings	3,147	31,415
Current liabilities under borrowings and other debt instruments	33,985	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 31 December</i>	2020	2019
Liabilities from measurement of SWAP transactions	16	105
Liabilities from measurement of CAP transactions	42	-
Other current liabilities	58	105

20.3. Change in financial liabilities attributable to financing and other activities

	Bonds
Amount as at 31 December 2019	128,246
Issue of bonds	196,733
Interest accrued on bonds	7,336
Interest paid on bonds	(5,663)
Change in carrying amount	21,878
Amount as at 31 December 2020	348,530

	Non-bank borrowings
Amount as at 31 December 2019	45,698
Increase in non-bank borrowings	48
Repayment of principal	(15,810)
Interest accrued	564
Payment of interest on loan	(3,457)
Realised foreign exchange gains/(losses)	15
Change in carrying amount	712

Amount as at 31 December 2020	27,770
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Liabilities under bank borrowings

Amount as at 31 December 2019	660,978
<i>including derecognised commission fee as at 31 December 2019</i>	<i>2,725</i>
Interest accrued	12,736
Interest paid	(12,888)
IRS interest accrued	3,509
IRS interest paid	(3,510)
Increase in bank borrowings	93,218
Repayment of principal	(22,532)
Realised foreign exchange gains/(losses)	1,127
Unrealised foreign exchange gains/(losses)	56,903
Interest capitalised	143
Amount as at 31 December 2020	790,163
<i>including derecognised commission fee as at 31 December 2020</i>	<i>2,246</i>

Finance leases

Amount as at 31 December 2019	24,688
Acquisition of land usufruct rights at MLP Business Park Poznań park	12,550
Acquisition of land usufruct rights at MLP Łódź park	183
Annual depreciation expense	(358)
Amount as at 31 December 2020	37,063

20.4. Liabilities under bonds

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	Listing venue
Private bonds – Series A	EUR	20,000,000	11.05.2022	6M EURIBOR + margin	<i>None</i>	Catalyst
Private bonds – Series B	EUR	10,000,000	11.05.2023	6M EURIBOR + margin	<i>None</i>	Catalyst
Public bonds – Series C ¹⁾	EUR	45,000,000	19.02.2025	6M EURIBOR + margin	<i>none</i>	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. By Resolution of 15 October 2020, the WSE Management Board decided to introduce 15,000 Series C1 bearer bonds of MLP Group S.A., with a nominal value of EUR 1,000 per bond, to the Catalyst alternative trading system. The bonds were introduced to trading on 16 October 2020. On 18 November 2020, the Series C1 bonds were assimilated to Series C bonds. The bonds are listed in the continuous trading system under the abbreviated name of "MLP0225".

20.5. Borrowings secured and not secured with the Group's assets

			<i>As at</i>	31 December 2020	31 December 2020	<i>As at</i>	31 December 2019	31 December 2019
	currency	effective interest rate (%)	matures in	in foreign currency*	in PLN	matures in	in foreign currency*	in PLN
Bank borrowings secured with the Group's assets								
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2028	3,063	14,134	2028	3,228	13,744
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	1,919	8,854	2027	2,003	8,530
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	1,033	4,765	-	-	-
Investment credit facility ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch	EUR	3M EURIBOR + margin	2025	90,642	416,319	2025	92,521	391,572
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2025	5,656	26,099	2025	6,067	25,837
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2028	3,197	14,751	2028	3,370	14,350
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	4,142	19,114	2029	4,346	18,509
Working capital (VAT) facility ING Bank Śląski S.A.	PLN	1M WIBOR + margin	2021	-	1,151	-	-	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2030	5,751	26,541	-	-	-
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2030	4,399	20,301	-	-	-
Investment credit facility BNP Paribas Bank Polska S.A.	EUR	3M EURIBOR + margin	2029	7,696	35,514	-	-	-
Investment credit facility BNP Paribas Bank Polska S.A.	EUR	3M EURIBOR + margin	2029	11,140	51,143	2029	11,549	48,886
Construction credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	1,837	8,478	-	-	-
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2030	11,080	51,133	2030	12,121	51,616
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	1,717	7,922	2024	1,750	7,453
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	4,260	19,660	2024	4,273	18,197
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	5,108	23,573	2024	5,335	22,717
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2028	7,505	34,636	2030	7,906	33,669
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	1,316	6,075	2029	1,385	5,898
Total bank borrowings:					790,163			660,978

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

				<i>as at</i> 31 December 2020	<i>as at</i> 31 December 2020			<i>as at</i> 31 December 2019	<i>as at</i> 31 December 2019
	currency	effective interest rate (%)	matures in	in foreign currency	in PLN	matures in	in foreign currency	in PLN	
Non-bank borrowings not secured with the Group's assets:									
Fenix Polska S.A.	PLN	3M WIBOR + margin	2021	-	3,027	2021	-	2,976	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	8,437	2020	-	8,303	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	3,952	2020	-	22,582	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	182				
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	12	2025	-	12	
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2029	-	253	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2027	-	1,632	2027	-	1,632	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	34	2021	-	152	
Fenix Polska S.A.	PLN	3M WIBOR + margin	2021	-	120				
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	465	2030	-	465	
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2026	-	1	2020	124	530	
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2025	124	573				
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	1,931	8,913	2029	1,966	8,371	
Total non-bank borrowings:					27,770			45,698	
Total borrowings secured and not secured with the Group's assets					817,933			706,676	

21. Employee benefit obligations

	<i>as at 31 December</i>	2020	2019
Special accounts		157	157
Provision for bonuses		1,642	978
Employee benefit obligations		1,799	1,135

22. Trade and other payables

	<i>as at 31 December</i>	2020	2019
Trade payables		14,993	9,315
Deferred income		619	513
Taxes and social security receivable		3,925	2,980
Unbilled trade payables		9,726	4,963
Investment commitments, security deposits and other obligations		27,742	90,775
Provision for repairs		361	-
Trade and other payables		57,366	108,546
Income tax payable		3,238	222
Current liabilities		60,604	108,768

As at 31 December 2020, the Group did not carry any outstanding liabilities towards related parties.

The table below presents the time past due structure of trade and other payables.

	<i>as at 31 December</i>	2020	2019
Not past due		59,771	107,950
Past due from 1 to 90 days		2,251	7,238
Past due from 91 to 180 days		-	247
Pas due over 180 days		109	2,121
Total trade and other payables		62,131	117,556

The time past due 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.

23. Financial instruments

23.1. Measurement of financial instruments

The fair value of financial assets and financial liabilities as at 31 December 2020 and 31 December 2019 was equal to the 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 amount corresponds to the amortised cost value,
- **trade receivables, other receivables, trade payables, and accrued expenses:** the carrying amount corresponds to the amortised cost value,
- **loans:** the carrying amount corresponds to the amortised cost value, it is close to the fair value due to variable interest rate of these instruments, which is close to the market interest rate,
- **bank and non-bank borrowings and bonds:** the carrying amount corresponds to the amortised cost value, it is close to the fair value due to variable interest rates on these instruments which are close to market interest rates,
- **liabilities from measurement of SWAP and CAP transactions:** measured at fair value through other comprehensive income, determined by reference to instruments quoted in an active market.

23.1.1 Financial assets

<i>as at 31 December</i>	2020	2019
Financial assets measured at amortised cost:		
Cash and cash equivalents	163,009	102,046
Loans and receivables, including:		
• Trade and other receivables	13,694	16,056
• Loans	32,497	67,682
• Money fund units	20,000	-
• Other long-term investments	28,674	19,832
• Other short-term investments	10,108	2,774
	267,982	208,390
Total financial assets	267,982	208,390

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

	Stage 1	Stage 2	Stage 3
Gross carrying amount	254,288	18,211	-
Cash and cash equivalents	163,009	-	-
Loans and receivables, including:			
• Trade and other receivables	-	18,211	-
• Loans	32,497	-	-
• Money fund units	20,000		
• Other long-term investments	28,674	-	-
• Other short-term investments	10,108	-	-
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)	254,288	13,694	-

Measurement of assets at amortised cost as at 31 December 2019:

	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	-

23.1.2 Financial liabilities

<i>as at 31 December</i>	2020	2019
Hedging financial instruments measured at fair value through other comprehensive income		
Liabilities from measurement of SWAP transactions	15,702	8,266
Liabilities from measurement of CAP transactions	42	-
	15,744	8,266
Financial liabilities measured at amortised cost:		
Bank borrowings	790,163	660,978
Non-bank borrowings	27,770	45,698
Trade and other payables	61,770	117,556
Lease liabilities	37,063	24,688
Bonds	348,530	128,246
	1,265,296	977,166
Total financial liabilities	1,281,040	985,432

As at 31 December 2020, the fair value of hedging instruments was PLN 15,744 thousand, measured on the basis of other directly or indirectly observable quotations (Level 2). The information is provided by banks and is based on reference to instruments traded on an active market.

In the year ended 31 December 2020, there were no transfers between the levels.

23.2. Other disclosures relating to financial instruments

Hedging

For information on collateral, see Note 26.

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.

On 28 August 2020, MLP Wrocław Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 2 October 2020, MLP Lublin Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Powszechna Kasa Oszczędności Bank Polski S.A.

On 30 January 2020, MLP Gliwice Sp. z o.o. entered into a variable-to-fixed interest rate swap contract with Bank Polska Kasa Opieki S.A.

On 6 November 2020, MLP Prószków V Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with BNP Paribas Bank Polska S.A.

On 2 December 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.

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.

Hedging instruments and hedged item

Entity	Hedged item - debt as at 31 December 2020*:	Hedged item - debt as at 31 December 2020*:	Hedging instrument – amortised interest rate swap:	Hedging instrument – amortised interest rate swap:	Fair value of hedging instrument (EUR thousand) as at 31 December	Fair value of hedging instrument (EUR thousand) as at 31 December	Fair value of hedging instrument (PLN thousand) as at 31 December	Fair value of hedging instrument (PLN thousand) as at 31 December
	EUR '000	PLN '000	EUR '000	PLN '000	2020	2019	2020	2019
MLP Pruszków I Sp. z o.o.	45,014	207,730	45,014	207,730	(1,144)	(634)	(5,281)	(2,701)
MLP Wrocław Sp. z o. o.	9,744	44,966	9,744	44,966	(230)	(132)	(1,059)	(561)
MLP Pruszków III Sp. z o.o.	23,135	106,764	23,135	106,764	(591)	(326)	(2,729)	(1,388)
MLP Gliwice Sp. z o. o.	9,993	46,116	9,993	46,116	(278)	(217)	(1,284)	(924)
MLP Poznań Sp. z o. o.	3,576	16,501	3,576	16,501	(121)	(124)	(560)	(529)
MLP Teresin Sp. z o.o.	2,620	12,091	2,620	12,091	(51)	(60)	(233)	(257)
MLP Poznań II Sp. z o.o.	5,977	27,582	5,977	27,582	(66)	(4)	(307)	(19)
MLP Pruszków IV Sp. z o.o.	14,104	65,088	14,104	65,088	(360)	(199)	(1,664)	(846)
MLP Pruszków V Sp. z o.o.	16,527	76,269	16,527	76,269	(332)	(99)	(1,534)	(421)
MLP Czeladź Sp. z o.o.	3,977	18,353	3,977	18,353	(100)	(37)	(463)	(157)
MLP Lublin Sp. z o.o.	6,681	30,832	6,681	30,832	(127)	(109)	(588)	(463)
	141,348	652,292	141,348	652,292	(3,400)	(1941)	(15,702)	(8,266)

Hedged item and hedging instrument – amortised Interest Rate Swap as at 31 December 2020.

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income in 2020:

Entity	Amounts recognised as finance costs - ineffective portion	Amounts recognised as finance costs - net interest income	Amounts recognised in other comprehensive income
MLP Pruszków I Sp. z o.o.	-	-	(2,581)
MLP Pruszków III Sp. z o.o.	-	-	(1,341)
MLP Pruszków V Sp. z o.o.	-	-	(818)
MLP Pruszków IV Sp. z o.o.	-	-	(1,113)
MLP Czeladź Sp. z o.o.	-	-	(307)
MLP Teresin Sp. z o.o.	-	(42)	24
MLP Poznań II Sp. z o.o.	-	-	(288)
MLP Poznań Sp. z o.o.	-	-	(30)
MLP Gliwice Sp. z o.o.	-	-	(359)
MLP Wrocław Sp. z o.o.	-	-	(498)
MLP Lublin Sp. z o.o.	16	-	(141)
	16	(42)	(7,452)

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income in 2019:

Entity	Amounts recognised as finance costs - ineffective portion	Amounts recognised as finance costs - net interest income	Amounts recognised in other comprehensive income
MLP Pruszków I Sp. z o.o.	2,382	-	(2,700)
MLP Pruszków III Sp. z o.o.	381	1	(1,266)
MLP Pruszków V Sp. z o.o.	-	-	(800)
MLP Pruszków IV Sp. z o.o.	341	3	(421)
MLP Czeladź Sp. z o.o.	-	-	(157)
MLP Teresin Sp. z o.o.	-	(13)	(71)
MLP Poznań II Sp. z o.o.	26	1	180
MLP Poznań Sp. z o.o.	302	-	(460)
MLP Gliwice Sp. z o.o.	-	1	(403)
MLP Wrocław Sp. z o.o.	-	-	(340)
MLP Lublin Sp. z o.o.	305	100	(457)
	3,737	93	(6,895)

23.3. Nature and extent of risks arising from financial instruments

The Group's business involves primarily exposure to the following types of financial risks:

- liquidity risk,
- market risk (including currency and interest rate risk),
- credit risk.

23.3.1 Liquidity risk

Liquidity risk is primarily the risk that the Group will encounter difficulty in meeting its future obligations under long-term borrowings.

The below table presents the maturity analysis of bank borrowings, including interest payment cash flows:

Bank borrowings - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
2020	40,435	592,541	186,363	819,339
2019	34,234	175,081	516,851	726,166

The following table presents the maturity structure of the bonds:

Bonds - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
2020	2,420	346,110	-	819,339
2019	491	127,755	-	726,166

The following table presents the maturity analysis for derivative interest payments:

Derivative instruments - expected payments		up to 1 year	from 1 to 5 years	over 5 years	Total
2020	inflows	-	-	-	-
	outflows	(4,217)	(11,456)	(29)	(15,702)
		(4,217)	(11,456)	(29)	(15,702)
2019	inflows	-	108	182	290
	outflows	(2,661)	(5,773)	(122)	(8,556)
		(2,661)	(5,665)	60	(8,266)

The below table presents the maturity analysis of non-bank borrowings, including interest payment cash flows:

Loans - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
2020	3,189	10,151	16,363	29,703
2019	32,237	3,276	12,109	47,622

The table below presents the maturity structure of other non-current and current liabilities, i.e. finance lease liabilities, liabilities under SWAP and CAP transactions, as well as investment and guarantee deposits from tenants and other entities:

Expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
2020	58	22,548	39,510	62,116
2019	105	14,915	30,437	45,457

23.3.2 Currency risk

The Group is exposed to significant currency risk as a large portion of its financial assets and liabilities is denominated in EUR and USD.

The table below presents the currency structure of financial instruments in the each of years:

Currency structure of financial instruments as at 31 December 2020 (PLN thousand):

Financial assets	PLN	EUR	other	Total
Financial assets measured at amortised cost:				
Cash and cash equivalents	144,899	16,715	1,395	163,009
Loans and receivables, including:				
- Trade and other receivables	11,129	2,565	-	13,694
- Loans	23,053	9,444	-	32,497
- Money fund units	20,000	-	-	20,000
- Other long-term investments	9,499	19,175	-	28,674
- Other short-term investments	1,349	8,759	-	10,108
	209,929	56,658	1,395	267,982

Financial liabilities	PLN	EUR	other	Total
Hedging financial instruments measured at fair value through other comprehensive income				
Liabilities from measurement of SWAP transactions	-	15,702	-	15,702
Liabilities from measurement of CAP transactions	-	42	-	42
Financial liabilities measured at amortised cost:				
Bank borrowings	1,151	789,012	-	790,163
Non-bank borrowings	18,283	9,487	-	27,770
Trade and other payables	29,635	32,135	-	61,770
Lease liabilities	37,063	-	-	37,063
Bonds	-	348,530	-	348,530
	86,132	1,194,908	-	1,281,040

Currency structure of financial instruments as at 31 December 2019 (PLN thousand):

Financial assets	PLN	EUR	other	Total
Financial assets measured at amortised cost:				
Cash and cash equivalents	46,649	54,976	421	102,046
Loans and receivables, including:				
- Trade and other receivables	207	15,849	-	16,056
- Loans	58,822	8,860	-	67,682
- Other long-term investments	2,367	17,465	-	19,832
- Other short-term investments	424	2,350	-	2,774
	108,469	99,500	421	208,390

Financial liabilities	PLN	EUR	other	Total
Hedging financial instruments measured at fair value through other comprehensive income				
Liabilities from measurement of SWAP transactions	-	8,266	-	8,266
Financial liabilities measured at amortised cost:				
Bank borrowings	-	660,978	-	660,978
Non-bank borrowings	36,797	8,901	-	45,698
Trade and other payables	30,450	87,106	-	117,556
Lease liabilities	24,688	-	-	24,688
Bonds	-	128,246	-	128,246
	91,935	893,497	-	985,432

Due to its open short currency position, the Group is particularly exposed to changes in the EUR/PLN exchange rate. The table below presents the potential impact of a 5% depreciation of PLN against EUR and USD on the Group's results and equity.

Impact of PLN depreciation on the Group's result and equity (PLN thousand)

as at 31 December	2020	2019
Increase in the EUR/PLN exchange rate by 5%	(56,901)	(39,695)
Increase in the USD/PLN exchange rate by 5%	70	21

A 5% depreciation of the Polish currency against the euro adversely affects the Group's results, causing an increase in debt service costs due to the Group's short currency position.

A 5% depreciation of the Polish currency against the US dollar has a positive impact on the Group's results, causing an increase in interest income from loans denominated in USD.

23.3.3 Interest rate risk

Interest rate risk arises chiefly from borrowings as well as issued bonds bearing interest at variable rates. Interest rate movements affect debt-service cash flows. In order to mitigate the interest rate risk, the Group entered into interest rate swap contracts with its financing banks.

The table below presents the potential impact of a 50 basis points increase in interest rate on the Group's debt-service cash flows.

Effect of interest rate movements on interest cash outflows from borrowings and issued bonds:

<i>as at 31 December</i>	2020	2019
EURIBOR + 50 bp	(1,832)	(728)
WIBOR + 50 bp	(97)	(184)

The sensitivity analysis presents how much debt-service interest costs would increase at the end of the reporting period assuming a 50 basis points increase in interest rates.

Effect of interest rate movements on interest cash inflows from loans:

<i>as at 31 December</i>	2020	2019
EURIBOR + 50 bp	47	44
WIBOR + 50 bp	115	294

The sensitivity analysis presents how much interest income from loans would increase at the end of the reporting period assuming a 50 basis points increase in interest rates.

The table below presents a potential impact on cash flows from monetary assets of a 50 basis points increase in interest rates.

Effect of interest rate changes on cash flows from monetary assets:

<i>as at 31 December</i>	2020	2019
EURIBOR + 50 bp	223	374
WIBOR + 50 bp	779	247
US LIBOR + 50 bp	7	2

The sensitivity analysis presents how much interest income from cash and other short- and long-term investments would increase at the end of the reporting period assuming a 50 basis points increase in interest rates.

23.3.4 Credit risk

Credit risk is defined as the risk of financial loss to the Group if a trading partner or a counterparty in a transaction fails to meet its contractual obligations. Credit risk arises chiefly from receivables and cash and cash equivalents.

The Group's maximum exposure to credit risk corresponds to the carrying amount of these financial instruments.

The Group reduces the exposure by demanding that tenants provide security deposits and bank guarantees supporting timely performance of their rental obligations.

<i>as at 31 December</i>	2020	2019
Security deposits from tenants at end of reporting period	5,967	3,546

24. Operating leases

The Group enters into operating lease contracts for lease of warehouse and office space. Contracts are concluded for periods from three to ten years, usually for five years. A typical contract provides for the following types of payments: (a) rentals for leased space denominated in EUR (and occasionally in USD and PLN), with amounts varying depending on type and standard of space, (b) property management fees to cover running costs, denominated in PLN and charged per square metre of leased space, (c) contributions to the property tax and (d) re-charge of utility bills.

As at 31 December 2020, the aggregate amount of rental income (assuming the EUR/PLN and USD/PLN exchange rates are constant and the rental rates are not indexed) was PLN 857.6 million, of which PLN 107.7 million was receivable within one year, PLN 379.7 million in two to five years, and PLN 370.2 million after five years.

As at 31 December 2019, the aggregate amount of rental income (assuming the EUR/PLN and USD/PLN exchange rates are constant and the rental rates are not indexed) was PLN 784.3 million, of which PLN 92.4 million was receivable within one year, PLN 328.5 million in two to five years, and PLN 363.4 million after five years.

25. Contractual investment commitments

<i>as at 31 December</i>	2020	2019
Contractual investment commitments	22,735	57,631

Contractual investment commitments represent the value of executed investment contracts, less any expenditure incurred as at the last day of the financial year.

26. Contingent liabilities and security instruments

As at 31 December 2020, the following security interests were established in the Group's assets:

26.1. Mortgages

Entity	Land register number	Details	Mortgage charge
MLP Pruszków I Sp. z o.o.	WA1P/00036973/9	Joint contractual mortgage securing claims of ING Bank Śląski S.A. under credit facility of on 9 May 2019, established as security with highest ranking priority in favour of the Mortgage Administrator, i.e. ING Bank Śląski S.A., and as pari passu ranking security in favour of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Industrial and Commercial Bank of China LTD, Luxembourg Branch	EUR 140,895 thousand
	WA1P/00038590/4		
	WA1P/00038589/4		
	WA1P/00038595/9		
	WA1P/00038591/1		
	WA1P/00038596/6		
	WA1P/00038593/5		
		Joint contractual mortgage securing claims of ING Bank Śląski S.A. under Master Agreement No. 1 of 9 May 2019	EUR 3,386 thousand
		Joint contractual mortgage securing claims of PKO Bank Polski S.A. under Master Agreement of 9 May 2019	EUR 2,818 thousand
		Joint contractual mortgage securing claims of INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD, LUXEMBOURG BRANCH S.A., LUXEMBOURG under Master Agreement No. 3 of 9 May 2019	EUR 2,250 thousand

Entity	Land register number	Details	Mortgage charge
MLP Pruszków III Sp. z o.o.	WA1P/00079808/5 WA1P/00101970/5	Joint contractual mortgage securing claims of ING Bank Śląski S.A. under credit facility of on 9 May 2019, established as security with highest ranking priority in favour of the Mortgage Administrator, i.e. ING Bank Śląski S.A., and as pari passu ranking security in favour of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Industrial and Commercial Bank of China LTD, Luxembourg Branch	EUR 140,895 thousand
		Joint contractual mortgage securing claims of ING Bank Śląski S.A. under Master Agreement No. 1 of 9 May 2019	EUR 3,386 thousand
		Joint contractual mortgage securing claims of PKO Bank Polski S.A. under Master Agreement of 9 May 2019	PLN 2,818 thousand
		Joint contractual mortgage securing claims of INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD, LUXEMBOURG BRANCH S.A., LUXEMBOURG under Master Agreement No. 3 of 9 May 2019	PLN 2,250 thousand

Entity	Land register number	Details	Mortgage charge
MLP Pruszków IV Sp. z o.o.	WA1P/00111450/7	Joint contractual mortgage securing claims of ING Bank Śląski S.A. under credit facility of on 9 May 2019, established as security with highest ranking priority in favour of the Mortgage Administrator, i.e. ING Bank Śląski S.A., and as pari passu ranking security in favour of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Industrial and Commercial Bank of China LTD, Luxembourg Branch	EUR 140,895 thousand
		Joint contractual mortgage securing claims of ING Bank Śląski S.A. under Master Agreement No. 1 of 9 May 2019	EUR 3,386 thousand
		Joint contractual mortgage securing claims of PKO Bank Polski S.A. under Master Agreement No. 2 of 9 May 2019	EUR 2,818 thousand
		Joint contractual mortgage securing claims of INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD, LUXEMBOURG BRANCH S.A., LUXEMBOURG under Master Agreement No. 3 of 9 May 2019	EUR 2,250 thousand

Entity	Land register number	Details	Mortgage charge
MLP Poznań Sp. z o.o. MLP Poznań II Sp. z o.o.	PO1D/00041539/8 PO1D/00050729/3 PO1D/00041540/8 PO1D/00050728/6 PO1D/00051882/0 PO1D/00059827/3	Joint contractual mortgage established to secure: a) repayment of tranches b, d and h of the credit facility, b) variable contractual interest, described in § 2 of the credit facility agreement of 8 August 2011 as amended (credit agreement), accrued on the amounts referred to in a) above, c) increased interest on past-due receivables described in § 8 of the credit agreement, accrued on the amounts referred to in a) and b) above, d) commissions and fees described in § 5 of the credit agreement due to the bank, charged on the amounts referred in a) above, e) all other documented costs, described in § 6 of the credit agreement due to the bank and related to the amounts described in a) above, credit facility agreement No. 11/0002 of 8 August 2011, amended, inter alia, by Annex 2 of 29 November 2013, Annex 7 of 7 July 2017, Annex 8 of 31 October 2017, and Annex 9 of 11 June 2018	EUR 25,910 thousand

Entity	Land register number	Details	Mortgage charge
MLP Poznań Sp. z o.o. MLP Poznań II Sp. z o.o.	PO1D/00041539/8	Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of the bank's claims under: 1) transaction 1 and transaction 2 executed under a master agreement of 11 June 2018 ("MASTER AGREEMENT") concerning execution of transaction 1 and transaction 2	EUR 1,500 thousand
	PO1D/00050729/3		
	PO1D/00041540/8		
	PO1D/00050728/6		
	PO1D/00051882/0		
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of credit facility pursuant to credit agreement no. 11/0002 of 8 August 2011, as amended; the mortgage secures repayment of tranches A, C, investment tranche A3 (including tranches E and F), tranche G, tranche A5, and payment of interest	EUR 9,357 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of credit facility pursuant to credit agreement no. 11/0002 of 8 August 2011, as amended, and credit agreement of 9 February 2017, as amended; the mortgage secures repayment of tranches B, D, H, and payment of interest	EUR 1,353 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure payment of claims under hedging transactions (Transactions 1, 2, 3, 4 and 5), pursuant to the master agreement of 13 December 2013 for execution financial forward transactions and sale and repurchase transactions	EUR 1,788 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of VAT facility and variable rate payments under VAT facility of 9 February 2017	PLN 6,000 thousand
Entity	Land register number	Details	Mortgage charge
MLP Lublin Sp. z o.o.	LU15/00012867/9	Contractual mortgage established to secure claims of PKO B.P. S.A. under: investment facility agreement, working capital (VAT) facility agreement of 13 April 2015, as amended, and claims under concluded IRS transactions	EUR 25,502 thousand
Entity	Land register number	Details	Mortgage charge
MLP Teresin Sp. z o.o.	WA1G/00076402/9	Contractual mortgage established in favour of PEKAO S.A. to secure repayment of credit facility under credit facility agreement of 31 May 2016	EUR 10,796 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure repayment of VAT facility under credit facility agreement of 31 May 2016	PLN 6,000 thousand
		Contractual mortgage in favour of PEKAO S.A. to secure repayment of any receivables due to the bank under Collateral Agreements concluded for the purposes of credit agreement dated 31 May 2016.	PLN 5,600 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure repayment of principal, interest, late payment interest, CAP transactions, and claims under IRS transactions, under credit facility agreement of 31 May 2016	PLN 5,600 thousand

Entity	Land register number	Details	Mortgage charge
MLP Wrocław Sp. z o.o.	WR1E/00102562/6	Contractual mortgage established in favour of PEKAO S.A. to secure credit facility under credit facility agreement of 11 October 2017	EUR 27,638 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure credit facility under credit facility agreement of 11 October 2017	PLN 4,500 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure credit facility under credit facility agreement of 11 October 2017	PLN 12,000 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure the bank's claim for payment of final closing amount, pursuant to framework agreement of 11 October 2017, as amended by Annex 1 of 12 April 2018.	PLN 12,000 thousand
Entity	Land register number	Details	Mortgage charge
MLP Gliwice Sp. z o.o.	GL1T/00099961/3	Contractual mortgage established in favour of PEKAO S.A. to secure credit facility under credit facility agreement of 13 March 2018	EUR 29,915 thousand
		Contractual mortgage established in favour of PEKAO S.A. to secure VAT facility under credit facility agreement of 13 March 2018	PLN 4,500 thousand
		Contractual mortgage in favour of PEKAO S.A. to secure repayment of any receivables due to the bank under Collateral Agreements concluded for the purposes of the credit agreement dated 13 March 2018.	PLN 12,000 thousand
Entity	Land register number	Details	Mortgage charge
MLP Czeladź Sp. z o.o.	KA1B/00019862/9	Contractual mortgage established in favour of PKO Bank Polski S.A. to secure repayment of credit facility under credit facility agreement of 14 December 2018	EUR 34,121 thousand
		Contractual mortgage established in favour of PKO Bank Polski S.A. to secure repayment of credit facility under credit facility agreement of 28 November 2018	EUR 15,450 thousand
Entity	Land register number	Details	Mortgage charge
MLP Pruszków V sp. z o.o. ¹⁾	WA1P/00130140/0 WA1P/00130142/4 WA1P/00048722/2 WA1P/00079403/6 WA1P/00131542/5 WA1P/00079402/9 WA1P/00103820/3	Joint contractual mortgage in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing term loans)	EUR 28,987 thousand
		Joint contractual mortgage in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing hedging transactions)	EUR 6,036 thousand
		Joint contractual mortgage in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing VAT facility)	EUR 6,000 thousand

¹⁾ On 22 April 2020, pursuant to the credit facility agreement of 7 November 2019, MLP Pruszków V Sp. z o.o. established joint contractual mortgages for two Building Credit Facilities, Hedging Transactions and the VAT Credit Facility.

26.2. Financial and registered pledges on shares

Security interests in MLP Group S.A.'s shares in the following companies:

Registered pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Pruszków I Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 granted to MLP Pruszków V	EUR 28,987 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 granted to MLP Pruszków V	PLN 6,000 thousand
MLP Poznań II Sp. z o.o.	claims of Bank Polska Kasa Opieki S.A. under the ING 11/0002 credit facility granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Wrocław Sp. z o.o.	claims of PEKAO S.A. under facility of 11 October 2017 granted to MLP Wrocław Sp. z o.o.	PLN 4,500 thousand
MLP Wrocław Sp. z o.o.	claims of PEKAO S.A. under facility of 11 October 2017 granted to MLP Wrocław Sp. z o.o.	EUR 27,638 thousand
MLP Gliwice Sp. z o.o.	claims of PEKAO S.A. under facility of 13 March 2018 granted to MLP Gliwice Sp. z o.o.	EUR 29,915 thousand
MLP Gliwice Sp. z o.o.	claims of PEKAO S.A. under working capital (VAT) facility of 13 March 2018 granted to MLP Gliwice Sp. z o.o.	PLN 4,500 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under Collateral Agreements executed for the purposes of credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 15,450 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 32,156 thousand

Financial pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Pruszków I Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków I Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 granted to MLP Pruszków V	EUR 17,409 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 granted to MLP Pruszków V	EUR 11,577 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 granted to MLP Pruszków V	PLN 6,000 thousand

Type of security interest	Secured claims	Amount of security interest
MLP Poznań II Sp. z o.o.	claims of Bank Polska Kasa Opieki S.A. under the ING 11/0002 credit facility granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Wrocław Sp. z o.o.	claims of PEKAO S.A. under facility of 11 October 2017 granted to MLP Wrocław Sp. z o.o.	PLN 4,500 thousand
MLP Wrocław Sp. z o.o.	claims of PEKAO S.A. under facility of 11 October 2017 granted to MLP Wrocław Sp. z o.o.	EUR 27,638 thousand
MLP Wrocław Sp. z o.o.	claims of PEKAO S.A. under facility of 11 October 2017 granted to MLP Wrocław Sp. z o.o.	EUR 27,638 thousand
MLP Gliwice Sp. z o.o.	claims of PEKAO S.A. under facility of 13 March 2018 granted to MLP Gliwice Sp. z o.o.	EUR 28,434 thousand
MLP Gliwice Sp. z o.o.	claims of PEKAO S.A. under facility of 13 March 2018 granted to MLP Gliwice Sp. z o.o.	EUR 29,915 thousand
MLP Gliwice Sp. z o.o.	claims of PEKAO S.A. under working capital (VAT) facility of 13 March 2018 granted to MLP Gliwice Sp. z o.o.	PLN 4,500 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under Collateral Agreements executed for the purposes of credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 15,450 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 32,156 thousand

Security interests in MLP Property Sp. z o.o.'s shares in the following companies:

Registered pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Teresin Sp. z o.o.	claims of Polska Kasa Opieki S.A. under credit facility of 31 May 2016	EUR 10,796 thousand
MLP Teresin Sp. z o.o.	claims of Polska Kasa Opieki S.A. under credit facility of 31 May 2016	EUR 6,000 thousand
MLP Teresin Sp. z o.o.	claims of PEKAO Bank Hipoteczny S.A. under credit facility of 31 May 2016	EUR 10,796 thousand
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	EUR 140,895 thousand
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002	EUR 14,047 thousand
MLP Lublin Sp. z o.o.	claims of PKO Bank Polski S.A. under investment credit facility	EUR 19,221 thousand
MLP Poznań Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 11 June 2018 granted to MLP Poznań Sp. z o.o.	EUR 25,910 thousand

Financial pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Teresin Sp. z o.o.	claims of Polska Kasa Opieki S.A. under credit facility of 31 May 2016	EUR 10,796 thousand
MLP Teresin Sp. z o.o.	claims of Polska Kasa Opieki S.A. under credit facility of 31 May 2016	EUR 10,796 thousand
MLP Teresin Sp. z o.o.	claims of Polska Kasa Opieki S.A. under credit facility of 31 May 2016	EUR 6,000 thousand
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002	EUR 14,047 thousand
MLP Poznań Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 11 June 2018 granted to MLP Poznań Sp. z o.o.	EUR 25,910 thousand

Security interests in MLP Poznań Sp. z o.o.'s shares in the following companies:

Registered pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002 granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Lublin Sp. z o.o.	claims of PKO Bank Polski S.A. under investment credit facility	EUR 19,221 thousand

Financial pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002 granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand

Security interests in MLP Pruszków II Sp. z o.o.'s shares in the following companies:

Registered pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków V Sp. z o.o.	claim of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 28,987 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 6,000 thousand

Financial pledges on shares:

Type of security interest	Secured claims	Amount of security interest
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	three pledges , EUR 140,895 thousand each
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 17,409 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 11,577 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 6,000 thousand

26.3. Pledges on cash receivables

In connection with a new credit facility agreement signed on 9 May 2019 by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. with ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch, in May 2019 financial pledges were created, and registered pledges were created and recorded in the pledge register, over bank accounts of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, and pledges were created over a set of movables and rights representing an organised whole of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, for up to the maximum amount secured of EUR 140,895 thousand.

On 28 November 2019, a receivables transfer agreement (relating to the credit facility agreement of 31 May 2016) was concluded between Bank Polska Kasa Opieki S.A. and PEKAO Bank Hipoteczny S.A., under which Bank Polska Kasa Opieki S.A. transferred a part of the receivables to 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 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.

26.4. Guarantees

As at 31 December 2020 the Group did not provide any guarantees.

26.5. Sureties

On 24 May 2019 MLP Group S.A. provided a surety to MLP Gliwice Sp. z o.o. in connection with the Agreement on the reconstruction of the communication system, including liabilities related to the implementation of the Road Investment project in whole or in part - up to PLN 2,745,888.30.

26.6. Other security interests

- **Other security interests created in favour of Bank ING Bank Śląski S.A.:**
 - assignment of claims under insurance policy,
 - security deposit of EUR 85,000,
 - assignment of rights under lease contracts,
 - power of attorney to all accounts of the borrower,
 - agreement on establishment of cash security deposit in favour of ING Bank Śląski S.A. to secure repayment of the bank's claims under credit facility granted to MLP Poznań II Sp. z o.o., as well as related interest, commissions, fees and expenses
 - signed annex to agreement on creation of financial and registered pledge over shares in MLP Poznań II Sp. z o.o.
 - subordination of claims under subordination agreement,

- **Other security provided in favour of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Polish Branch under the credit facility agreement of 9 May 2019:**
 - power of attorney over all accounts of each of the borrowers and power to issue instructions to block the accounts;
 - declaration on voluntary submission to enforcement by each borrower;
 - loan subordination agreement;
 - assignment of rights under insurance policies,
 - assignment of rights under assignment agreement;
 - assignment of rights under each borrower's lease contracts,
 - assignment of rights under guarantees provided by each borrower's tenants,
 - assignment of rights under subordinated loans,
 - assignment of rights under each borrower's future debt claims.

- **On 7 November 2019, MLP Pruszków V Sp. z o.o. entered into a credit facility agreement with BNP Paribas Bank Polska S.A. Following execution of the agreement, the following security interests were created in favour of BNP Paribas Bank Polski S.A.:**

- borrower's blank promissory note with promissory note declaration,
 - set-off clause with respect to borrower's accounts maintained with the bank;
 - assignment of monetary claims under insurance contracts in respect of real property under construction and after its completion (throughout the lending period),
 - assignment of cash receivables under lease contracts,
 - assignment of cash receivables under guarantees issued to the borrower as security for lease contracts,
 - surety under civil law for the full amount of the facility, provided by MLP Group S.A. and effective until the decision on registration of the mortgage becomes final,
 - assignment of cash receivables under a management contract concluded with MLP Group S.A. or another entity;
 - assignment of claims under the contract/s concluded with the general contractor and assignment of cash receivables under the performance bond,
 - payment into the bank's account of cash collateral to secure repayment of the facility,
 - assignment of cash receivables under insurance policy for loss of profit before tax by the borrower,
 - subordination of claims under subordination agreement,
 - sponsor obligations under support agreements.
- **Other security interests created in favour of Bank PKO BP S.A. under the facility agreement with MLP Czeladź and MLP Lublin**
 - borrower's blank promissory note with promissory note declaration,
 - set-off clause with respect to borrower's accounts maintained with the bank;
 - assignment of monetary claims under insurance contracts in respect of real property under construction and after its completion (throughout the lending period),
 - assignment of cash receivables under lease contracts,
 - assignment of cash receivables under guarantees issued to the borrower as security for lease contracts,
 - surety under civil law for the full amount of the facility, provided by MLP Group S.A. and effective until the decision on registration of the mortgage becomes final,
 - assignment of cash receivables under a management contract concluded with MLP Group S.A. or another entity;
 - assignment of claims under the contract/s concluded with the general contractor and assignment of cash receivables under the performance bond,
 - payment into the bank's account of cash collateral to secure repayment of the facility,
 - assignment of cash receivables under insurance policy for loss of profit before tax by the borrower,
 - subordination of claims under subordination agreement,
 - sponsor obligations under support agreements.
- **Other security interests created in favour of PEKAO S.A. under credit facility agreements with MLP Gliwice and MLP Wrocław MLP Teresin:**
 - power of attorney to manage all bank accounts and hold on accounts,
 - obligations under support agreements,
 - assignment by way of security under assignment agreement,
 - statement of voluntary submission to enforcement,
 - subordination of claims under subordination agreement,
 - deposit in debt service account,
 - sponsor obligations under support agreements.

26.7. Other contingent liabilities and commitments

- Under an agreement of May 2018, Bank PKO BP S.A. granted to MLP Czeladź Sp. z o.o. a bank guarantee for the performance of the company's obligations towards the Municipality of Czeladź and the State Treasury,

concerning reconstruction of a traffic circulation system in Czeladź as part of construction of a logistics park. The guarantee amount was PLN 5,927 thousand.

- In 2012-2014, MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o. and MLP Pruszków III received decisions concerning change of perpetual usufruct charge. According to the decisions, as at 31 December 2020 the total amount potentially due was PLN 22,193 thousand. The management board of the companies does not accept the amount of the charge, and therefore the case was referred to the court. The *starostwo* did not take into account the expenses incurred by the companies.
- In 2019, the Group recognised a provision for some of the potential claims of Pruszków Starostwo for change of the perpetual usufruct charge against MLP Pruszków III Sp. z o.o. in justified cases, in the amount of PLN 901 thousand. The Group did not recognise any additional provisions for potential claims of the Pruszków Starostwo in connection with the of the perpetual usufruct charge.
- In 2020, MLP Business Park Poznań Sp. z o.o. purchased the land previously used under the usufruct whose fee is subject of the dispute. In accordance with decisions received by the previous owner, the amount to be paid for the period from the purchase date to 31 December 2020 is PLN 253 thousand.

27. Related-party transactions

27.1. Loans and non-bank borrowings

The balances of trade and other payables and receivables arising from related-party transactions as at 31 December 2020 were as follows:

	Trade and other receivables	Trade and other payables ¹⁾
Parent		
The Israel Land Development Company Ltd., Tel-Aviv	274	-
Other related parties		
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	-	-
Fenix Polska Sp. z o.o.	5	-
Total	279	-

The balances of trade and other payables and receivables arising from related-party transactions as at 31 December 2019 were as follows:

	Trade and other receivables	Trade and other payables ¹⁾
Parent		
The Israel Land Development Company Ltd., Tel-Aviv	108	-
Other related parties		
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	8	-
Fenix Polska Sp. z o.o.	9	-
Total	125	-

- 1) Trade and other payables do not include the remuneration of key management personnel and share-based payments disclosed in Note 30.

27.2. Loans and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 31 December 2020:

	Loans	Non-bank borrowings
Other related parties		
Fenix Polska Sp. z o.o.	27,610	(27,770)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	4,887	-
Total	32,497	(27,770)

Below are presented the balances of loans to and non-bank borrowings from related parties as at 31 December 2019:

	Loans	Non-bank borrowings
Other related parties		
Fenix Polska Sp. z o.o.	45,509	(45,698)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	34	-
Total	45,543	(45,698)

27.3. Income and expenses

Below are presented income and expenses under related-party transactions for the 12 months ended 31 December 2020:

	Revenue	Procurement of services and cost of wages and salaries	Interest income	Interest expense
Parent				
The Israel Land Development Company Ltd., Tel-Aviv	206	-	-	-
Other related parties				
Fenix Polska Sp. z o.o.	4	-	546	(564)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	1	-	2	-
	5	-	548	(564)
Key management personnel				
RTK CONSULTING, Radosław T. Krochta	-	(1,510)	-	-
ROMI CONSULTING, Michael Shapiro	-	(958)	-	-
PROFART, Tomasz Zabost	-	(1,024)	-	-
PEOB, Marcin Dobieszewski	-	(274)	-	-
Other key management personnel	-	(931)	-	-
	-	(4,697)	-	-
Total	211	(4,697)	548	(564)

Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B.V., which as at 31 December 2020 held 100% of shares in Fenix Polska Sp. z o.o. and 56.98% of the Group's share capital.

Below are presented income and expenses under related-party transactions for the 12 months ended 31 December 2019:

	Revenue	Procurement of services and cost of wages and salaries	Interest income	Interest expense
Parent				
The Israel Land Development Company Ltd., Tel-Aviv	208	-	-	-
Other related parties				
Fenix Polska Sp. z o.o.	4	-	1,034	(1,050)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	4	-	1	-
	8	-	1,035	(1,050)
Key management personnel				
RTK CONSULTING, Radosław T. Krochta	-	(1,322)	-	-
ROMI CONSULTING, Michael Shapiro	-	(792)	-	-
PROFART, Tomasz Zabost	-	(802)	-	-
PEOB, Marcin Dobieszewski	-	(369)	-	-
Other key management personnel	-	(1,240)	-	-
	-	(4,526)	-	-
Total	216	(4,526)	1,035	(1,050)

Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B.V., which as at 31 December 2019 held 100% of shares in Fenix Polska Sp. z o.o. and 56.98% of the Group's share capital.

28. Significant litigation and disputes

28.1. CreditForce Holding B.V

On 12 January 2012 the Regional Court in Warsaw issued a judgment awarding the then MLP Tychy Sp. z o.o. (currently MLP Sp. z o.o. SKA) the amount of PLN 2,005 thousand with contractual interest from CreditForce Holding B.V. with its registered office in Houten (the Netherlands) jointly and severally with European Bakeries Sp. z o.o., in respect of which a default judgment was issued on 16 March 2011.

The amount includes receivables due as payment for capital expenditure incurred by the lessor on the leased property, including construction work to improve the technical standard of the property.

Currently, an appeal against the default judgment is pending before the District Court in Warsaw (the proceedings have been suspended due to CreditForce Holding B.V. being declared bankrupt). The Group recognized an impairment allowance of the abovementioned receivables.

28.2. DEPENBROCK Polska Sp. z o.o. sp. k.

On 31 January 2020, MLP Gliwice Sp. z o.o. was served a default judgment dated 22 January 2020, in which the court awarded the amount of EUR 865,777.48 plus interest from the Company to DEPENBROCK Polska Sp. z o.o. sp. k. The court also ordered the Company to reimburse the costs of the court proceedings and made the judgment immediately enforceable. The Company filed an opposition to the default judgment with a motion for stay of execution. The claim should be dismissed on the grounds that it is premature. From August 2020 to February 2021, mediation proceedings were ongoing, however the parties failed to reach an agreement. The Company holds cash necessary to pay the liability.

29. Significant events during and subsequent to the reporting period

- 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, and on 16 October 2020 – 15,000 Series C1 bearer bonds with a nominal value of EUR 1,000 per bond and the total value of the issue of EUR 15,000,000.
- For details of the issue of Series C and C1 bonds, see Note 20.1 to these consolidated financial statements.
- 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, 9 October 2020 and 28 October 2020, Bank Polska Kasa Opieki S.A. disbursed further tranches of the credit facility to MLP Gliwice Sp. z o.o.
- On 8 July 2020, Powszechna Kasa Oszczędności Bank Polska S.A. disbursed another tranche of the credit facility to MLP Czeladź Sp. z o.o.
- On 22 April 2020, 2 October 2020 and 4 November 2020 BNP Paribas Bank Polska S.A. disbursed further tranches of the credit facility to MLP Pruszków V Sp. z o.o.
- On 22 December 2020 and 2 February 2021 ING Bank Śląski S.A. disbursed further tranches of the credit facility to MLP Poznań Sp. z o.o.
- On 29 June 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 18.1.
- On 12 October 2020, the Management Board of MLP Group S.A. passed a resolution to increase the Company's share capital through the issue of 1,650,000 Series D shares, with the pre-emptive rights of the Company's existing shareholders waived.
- The Issuer concluded agreements with investors for subscription of 1,607,000 Series D shares at the issue price of PLN 69.00 (sixty nine złoty) per share, including an agreement with Israel Land Development Company Ltd. Bnei Brak, Israel ILDC for subscription of 574,903 Series D shares. The required cash contributions to cover all Series D Shares have been paid in full.
- On 27 October 2020, the Company was notified of an acquisition of 77,116 ordinary shares in the Company by ILDC from Cajamarca Holland B.V. of Delft, the Netherlands, in a block transaction executed on the Warsaw Stock Exchange on October 27 2020, for a price of PLN 69.00 (sixty-nine złoty) per share.
- Series D ordinary bearer shares with a par value of PLN 0.25 per share were introduced to trading on the main market of the WSE on 30 December 2020 under ISIN code PLMLPGR00017.
- On 10 February 2021, a credit facility agreement was concluded between Powszechna Kasa Oszczędności Bank Polski S.A. and MLP Poznań West II Sp. z o.o. The first tranche was disbursed on March 11th 2021.

In the period from the end of the reporting period to the date of authorisation of these 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 Group's consolidated financial statements of the Group.

29.1. Effect of the COVID-19 epidemic on the operations of the MLP Group S.A. Group

In late 2019, the first case of coronavirus disease was reported in China. In the first quarter of 2020, the virus spread around the world and its negative impact gained momentum, reaching its highest daily incidence rate in the first quarter of 2021. The management believes this situation does not require any adjustments to the 2020 consolidated financial statements or the consolidated financial statements for 2019, and does not require any 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 in 2021, 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.

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

<i>for the year ended 31 December</i>	2020	2019
Remuneration of the Management Board:		
Radosław T. Krochta	1,510	1,323
Michael Shapiro	958	792
Tomasz Zabost	1,024	802
Marcin Dobieszewski	274	369
	3,766	3,286

<i>for the year ended 31 December</i>	2020	2019
Remuneration of the Supervisory Board:		
Maciej Matusiak	39	30
Eytan Levy	39	30
Shimshon Marfogel	39	30
Daniel Nimrodi	36	30
Guy Shapira	39	30
Piotr Chajderowski	39	30
Oded Setter	3	-
	234	180
Total remuneration paid or due to Management Board, Supervisory Board and Key Management Personnel	4,000	3,466

<i>for the year ended 31 December</i>	2020	2019
Other key management personnel:		
Remuneration and other benefits	931	1,240
	931	1,240
Total remuneration paid or due to Management Board members, Supervisory Board members and key management personnel	4,931	4,706

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.

31. Employees

	<i>for the year ended 31 December</i>	2020	2019
Average headcount in the period		27	26

Signed with qualified electronic signature.

Radosław T. Krochta

President of the Management Board

Michael Shapiro

Vice President of the Management Board

Tomasz Zabost

Member of the Management Board

Maria Ratajczyk

*Person responsible for the preparation of the
financial statements*

Pruszków, 17 March 2021