MLP GROUP

Management Board's Report
on the activities of the MLP Group S.A. Group
for the 12 months ended 31 December 2021

This document is a translation. Polish version prevails.

This Management Board's Report on the activities of the MLP Group S.A. for the 12 month sended 31 December 2021 has been prepared in accordance with to the Minister of Finance's Regulationon current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (Dz. U. of 2018, item 757).

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This Management Board's Report on the activities of the MLP Group S.A. Group in the 12 months ended 31 December 2021 was prepared as at and authorised for issue by the Company's Management Board on 16 March 2022.

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management

Michael Shapiro
Vice President of the Management Board

Tomasz Zabost
Member of the Management

Pruszków, 16 March 2022

Introduction

MLP Group S.A. (the "Company", the "Issuer", the "Parent") is the parent of the MLP Group S.A. Group (the "Group"). The Company is entered in the National Court Register maintained by the District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register, under No. 0000053299. The Company's registered office is located at ul. 3-go Maja 8, 05-800 Pruszków, Poland.

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

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

The parent of the Group is CAJAMARCA HOLLAND B.V. of the Netherlands, registered address: Locatellikade 1, 1076 AZ Amsterdam.

(all data in PLN thousand, unless stated otherwise)

1. General information on the Group and MLP Group S.A.

1. 1 Structure of the Group

As at 31 December 2021, the Group comprised the following entities:

No.	Entity	Country of registration	Parent's direct and indirect interest in equity	Parent's direct and indirect interest in voting rights
1	MLP Pruszków I Sp. z o.o.	Poland	100%	100%
2	MLP Pruszków II Sp. z o.o.	Poland	100%	100%
3	MLP Pruszków III Sp. z o.o.	Poland	100%	100%
4	MLP Pruszków IV Sp. z o.o.	Poland	100%	100%
5	MLP Poznań Sp. z o.o.	Poland	100%	100%
6	MLP Lublin Sp. z o.o.	Poland	100%	100%
7	MLP Poznań II Sp. z o.o.	Poland	100%	100%
8	MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%
9	Fenix Obrót Sp. z o.o.[10)]	Poland	100%	100%
10	MLP Property Sp. z.o.o.	Poland	100%	100%
11	MLP Bieruń Sp. z o.o.	Poland	100%	100%
12	MLP Bieruń I Sp. z o.o.	Poland	100%	100%
13	MLP Sp. z o.o.	Poland	100%	100%
14	MLP Teresin Sp. z o.o.	Poland	100%	100%
15	MLP Business Park Poznań Sp. z o.o.	Poland	100%	100%
16	MLP FIN Sp. z o.o.	Poland	100%	100%
17	LOKAFOP 201 Sp. z o.o.	Poland	100%	100%
18	LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%
19	MLP Wrocław Sp. z o.o.	Poland	100%	100%
20	MLP Gliwice Sp. z o.o.	Poland	100%	100%
21	MLP Business Park Berlin I LP Sp. z o.o.	Poland	100%	100%
22	MLP Czeladź Sp. z o.o.	Poland	100%	100%
23	MLP Temp Sp. z o.o.	Poland	100%	100%
24	MLP Dortmund LP Sp. z o.o.	Poland	100%	100%
25	MLP Dortmund GP Sp. z o.o.	Poland	100%	100%
26	MLP Logistic Park Germany I Sp. z o.o. &Co KG.	Germany	100%	100%
27	MLP Poznań West II Sp. z o.o.	Poland	100%	100%
28	MLP Bucharest West Sp. z o.o.	Poland	100%	100%
29	MLP Bucharest West SRL	Romania	100%	100%
30	MLP Teresin II Sp. z o.o.	Poland	100%	100%
31	MLP Pruszków V Sp. z o.o.	Poland	100%	100%
32	MLP Germany Management GmbH	Germany	100%	100%
33	MLP Wrocław West Sp. z o.o.	Poland	100%	100%
34	MLP Business Park Berlin I GP Sp. z o.o.	Poland	100%	100%
35	MLP Łódź II sp. z o.o.	Poland	100%	100%
36	MLP Poznań East sp. z o.o.	Poland	100%	100%
37	MLP Schwalmtal LP sp. z o.o.	Poland	100%	100%
38	MLP Schwalmtal GP sp. z o.o.	Poland	100%	100%
39	MLP Pruszków VI sp. z o.o.[1)]	Poland	100%	100%
40	MLP Business Park Berlin I sp. z o.o. & Co. KG	Germany	100%	100%

(all data in PLN thousand, unless stated otherwise)

No.	Entity	Country of registration	Parent's direct and indirect interest in equity	Parent's direct and indirect interest in voting rights
41	MLP Schwalmtal Sp. z o.o. & Co. KG	Germany	100%	100%
42	MLP Business Park Wien GmbH	Austria	100%	100%
43	MLP Wrocław West I Sp. z o.o.[2)]	Poland	100%	100%
44	MLP Gelsenkirchen GP Sp. z o. o.[3)]	Poland	100%	100%
45	MLP Gelsenkirchen LP Sp. z o. o.[4)]	Poland	100%	100%
46	MLP Gelsenkirchen Sp. z o.o. & Co.KG[5)]	Germany	100%	100%
47	MLP Gorzów Sp. z o.o. [6)]	Poland	100%	100%
48	MLP Idstein LP Sp. z o.o. [7)]	Poland	100%	100%
49	MLP Idstein GP Sp. z o.o. [8)]	Poland	100%	100%
50	MLP Idstein Sp. z o.o. & Co. KG [9)]	Germany	100%	100%

Changes in the Group

[1)] 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.

[2)] On 9 March 2021, MLP Wrocław West I Sp. z o.o. was established. All shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 29 March 2021.

[3)] On 18 November 2020, MLP Gelsenkirchen GP Sp. z o.o. was established. All shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 21 May 2021.

[4)] On 18 November 2020, MLP Gelsenkirchen LP Sp. z o.o. was established. All shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 17 June 2021.

[5)] MLP Gelsenkirchen Sp. z o.o. & Co. KG, in which MLP Gelsenkirchen LP Sp. z o.o. is a limited partner and MLP Gelsenkirchen GP Sp. z o.o. was the general partner, was established pursuant to a notarial deed of 30 June 2021.

[6)] On 18 August 2021, MLP Gorzów Sp. z o.o. was established. All shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 12 October 2021.

[7)] On 13 October 2021, MLP Idstein LP Sp. z o.o. was established. All shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 28 October 2021.

[8)] On 13 October 2021, MLP Idstein LP Sp. z o.o. was established. The shares in the new company were acquired by MLP Group S.A. (50 shares with a total par value of PLN 5,000). The company was registered with the National Court Register on 28 October 2021.

[9)] Pursuant to a notarial deed of 4 November 2021, MLP Idstein Sp. z o.o. & Co.KG was established, in which MLP Idstein LP Sp. z o.o. is a limited partner and MLP Idstein GP Sp. z o.o. is the general partner.

[10)] On 25 October 2021, the change of the name of MLP Energy Sp. z o.o. to Feniks Obrót Sp. z o.o. was registered.

1. 2 Principal business of the Company and the Group

The MLP Group S.A. Group is one of the leading European logistics platforms, offering clients a complete range of services, from site identification, through land acquisition, to property management. The unique Build & Hold business model enables the Group to stay in close touch with clients, which helps to keep tenant satisfaction levels high and ultimately translates into excellent occupancy rates.

The Group specialises in the construction, holding and management of customer-oriented Class A warehouse, manufacturing, and business parks. Their target tenants are leading multinational and local companies that are strategically investing in new or expanding projects. The Group operates on the Polish, German, Austrian and Romanian markets and holds a portfolio of properties with approximately 984 thousand m^2 of existing and permitted ready to build rental space. As at the end of 2021, the Group's net asset value stood at more than PLN 1.82bn.

The Group currently manages a total of 20 logistics parks in all of its geographies, including 13 logistics parks in key locations in Poland, i.e. 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, MLP Zgorzelec and MLP Poznań Business Park.

In Germany, the Group currently operates five logistics parks: MLP Unna, MLP Business Park Berlin, and MLP Business Park Niederrhein, MLP Business Park Schalke, and MLP Idstein. The Group owns the logistics park MLP Bucharest West in Romania and MLP Business Park Vienna in Austria.

The Group currently operates two types of warehouse space formats:
(1) big-box (i.e. large-scale) warehouse facilities, primarily addressing e-commerce growth and increased demand from light industry customers, driven by such factors as relocation of production from Asia to Europe; and
(2) City Logistics facilities, operated as MLP Business Parks and offering small warehouse units (ranging from 700 m^2 to 2.5 thousand m^2). MLP Business Parks are urban logistics projects with a high potential for growth, which address the retail evolution (e-commerce) and are located within or close to city boundaries with easy access to labour and public transportation. The first such projects are MLP Business Park Berlin, MLP Business Park Schalke, MLP Business Park Niederrhein, MLP Business Park Vienna, and MLP Business Park Poznań.

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

In 2021, the Group acquired new land with a total area of approximately 59.3 ha, of which 34.3 ha in Poland, 10 ha in Austria, and 15 ha in Germany.

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

The Group's strategic objectives until 2024 include:

• Building economic scale in the existing strategic markets – Poland, Germany, Austria, and Romania through developing of urban logistic and big-box projects

• Investing in new potential markets addressing the tenants' needs and ecommerce development

• Maintaining stable occupancy rate averaging ~ 95% of total existing portfolio with speculative development component of up to 20 thousand m^2 per project

• Increasing the amount of space leased under new contracts to 250 thousand m^2 per year

• Securing new plots for future development in existing and new markets

• Continuing the development of big-box projects primary addressing ecommerce development and light industry requirements following the increase demands as from moving manufacturing from Asia to Europe

• Focusing on urban logistic as a high growth potential product – addressing the retail evolution (e-commerce) with: smaller units, less than 5 thousand m^2, located within or close to city boundaries with easy access to labour and public transportation

• Rental growth from existing lease renewals

• Creating value through re-development of brown plots

• Disposal of BTS projects as a source of additional equity

• Developing of class A high-quality assets, with strong commitment to sustainability: 80% to be certified BREEAM Excellent or Very Good / DGNB Gold or Platinum (in Germany and Austria) and to achieve Zero CO_2 emission by 2024.

(all data in PLN thousand, unless stated otherwise)

1. 3 The Group's property portfolio

The Group classifies its portfolio properties into two main categories:

- properties generating rental income,
- projects under construction or in pre-construction phase,
- land bank (area).

The structure of the Group's property portfolio by property category as at 31 December 2021 is presented below.

Group's property portfolio by operating segments in Poland	Land bank (area) (m²)	Target capacity (m²)	Target area (m²)	Existing leasable space (m²)	Space under construction and under preparation (m²)
POLAND:	640 799	1 193 461	1 193 461	727 748	173 534
GERMANY:	278 841	207 001	207 001	12 165	63 490
AUSTRIA:	98 249	52 500	52 500	-	-
ROMANIA:	148 704	99 000	99 000	22 910	-
Total	**1 166 593**	**1 551 962**	**1 551 962**	**762 823**	**237 024**

Summary of leasable area owned by the Group in Poland as at 31 December 2021 (m²):

	Target space upon completion (m²)	Target capacity (m²)	Space completed (m²)	Space completed and leased out (m²)	Space completed but not leased out (m²)	Space under construction and under preparation (m²)	Pre-leased space under construction and under preparation (m²)
POLAND:	1 191 949	1 193 461	727 748	713 770	13 978	173 534	92 003
GERMANY:	207 001	207 001	12 165	12 165	-	63 490	57 622
AUSTRIA:	52 500	52 500	-	-	-	-	-
ROMANIA:	99 000	99 000	22 910	18 587	4 323	-	-
	1 550 450	**1 551 962**	**762 823**	**744 522**	**18 301**	**237 024**	**149 625**

Types of rental space offered:

The Group offers two types of space to its tenants:

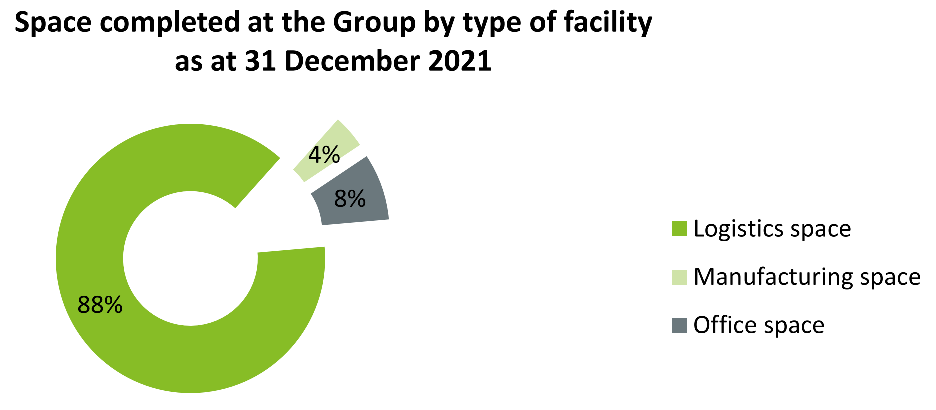
- warehouse space, i.e. space for storing goods, and
- production space, i.e. space designated for light industrial production.

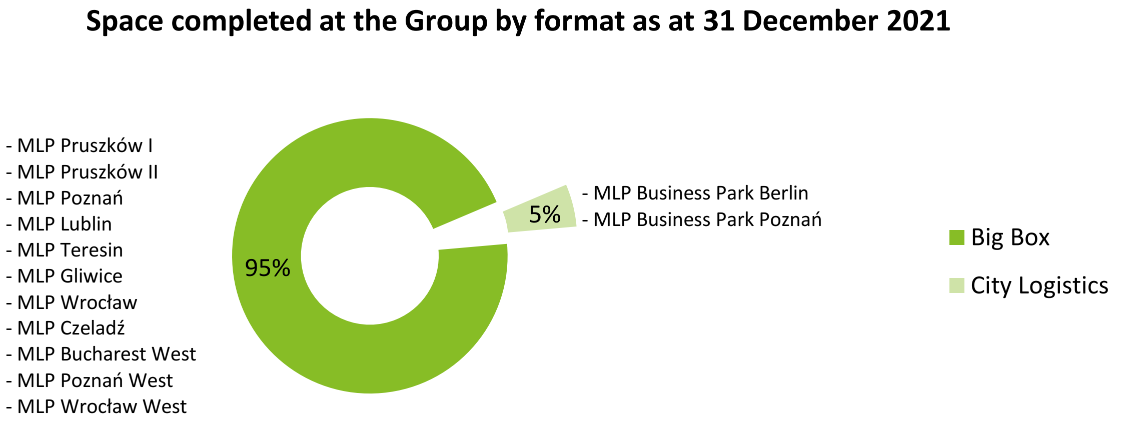
The Group also provides its tenants with support office space. The final division of leased space depends on tenants' requirements.

The space is available in two formats:

- City Logistics
- Big Box.

Space completed at the Group's parks as at 31 December 2021:





The Group has rolled out the City Logistics concept over the year. The format is currently being implemented in two locations, MLP Business Park Berlin I and MLP Business Park Poznań. The Group is planning to roll out the concept in other locations as well, including at MLP Business Park Niederrhein, MLP Business Park Vienna and MLP Business Park Schalke.

Fair value of the Group's property portfolio as at 31 December 2021:

Logistics park	Fair value (EUR '000)	Fair value (PLN '000)
MLP Pruszków I	94 910	436 529
MLP Pruszków II	183 200	842 610
MLP Poznań	39 820	183 148
MLP Lublin	37 690	173 351
MLP Teresin	18 840	86 653
MLP Wrocław	36 780	169 166
MLP Czeladź	25 000	114 985
MLP Gliwice	37 760	173 673
MLP Business Park Poznań	10 770	49 536
MLP Poznań West	71 270	327 799
MLP Wrocław West	15 760	72 487
MLP Łódź	20 220	93 000
MLP Unna	51 800	238 249
MLP Business Park Berlin	26 950	123 954
MLP Business Park Schalke	13 600	62 552
MLP Business Park Vienna	22 400	103 026
MLP Bucharest West	15 220	69 986
Total	**721 990**	**3 320 704**

The value of investment property portfolio disclosed in the consolidated financial statements as at 31 December 2021 included: (i) market value of investment property of PLN 3,320,704 thousand, and (ii) perpetual usufruct right to land of PLN 42,915 thousand.

Fair value of the Group's property portfolio by operating segments as at 31 December 2021:

Operating segment	Currency	Fair value of existing buildings	Fair value of buildings under construction	Fair value of planned buildings	Fair value of surplus land	Total fair value
Poland	(EUR '000)	501 580	63 330	12 650	14 460	592 020
	(PLN '000)	2 306 967	291 280	58 182	66 507	2 722 936
Germany	(EUR '000)	23 600	55 150	-	13 600	92 350
	(PLN '000)	108 546	253 657	-	62 552	424 755
Austria	(EUR '000)	-	-	-	22 400	22 400
	(PLN '000)	-	-	-	103 027	103 027
Romania	(EUR '000)	10 110	-	-	5 110	15 220
	(PLN '000)	46 489	-	-	23 497	69 986
Total	**(EUR '000)**	**535 290**	**118 480**	**12 650**	**55 570**	**721 990**
Total	**(PLN '000)**	**2 462 002**	**544 937**	**58 182**	**255 583**	**3 320 704**

(all data in PLN thousand, unless stated otherwise)

1. 4 Market, customers and suppliers

The Group's property portfolio in Poland currently comprises thirteen logistics parks at the following key locations in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin, MLP Teresin, MLP Wrocław, MLP Gliwice, MLP Czeladź, MLP Poznań West, MLP Wrocław West, MLP Łódź, MLP Business Park Poznań and MLP Zgorzelec. In Germany, the Group currently owns five logistics parks: MLP Unna, MLP Business Park Berlin, MLP Business Park Niederrhein, MLP Business Park Schalke and MLP Idstein. The Group operates the logistics park MLP Bucharest West in Romania and the logistics park MLP Business Park Vienna in Austria.

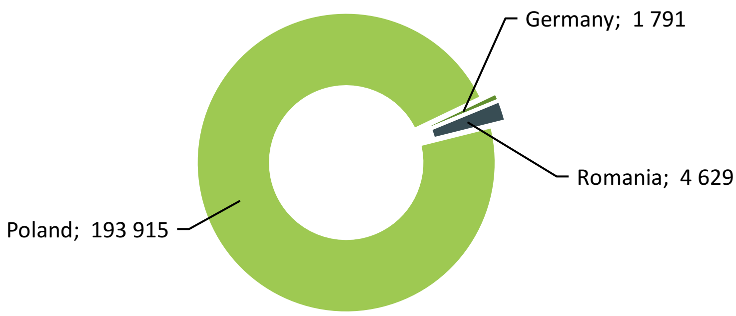
The Group has signed agreements grating options to purchase land in new locations in Poland and Germany, which would allow it to expand the selection of available locations for tenants.

1. 4.1 Structure of the Group's sales

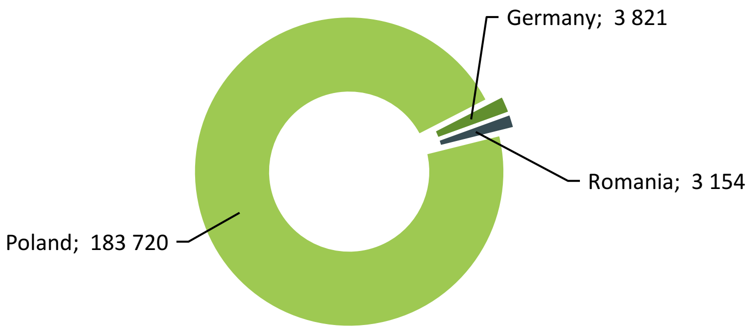
The Group earns revenue from lease of investment property in logistics parks in Poland, Germany, and Romania. The table below presents the types of revenue derived from lease of the properties.

Revenue *for the 12 months ended 31 December*	**2021**	**2020**	***change (%)***
Sales to external customers:			
Rental income from investment property	116 831	103 355	*13,0%*
Recharge of service charges	37 571	34 360	*9,3%*
Recharge of utility costs	41 632	33 581	*24,0%*
Other revenue	2 674	1 657	*61,4%*
Total rental income	**198 708**	**172 953**	***14,9%***
Revenue from development contract concluded by MLP Group S.A.	1 880	17 742	*-89,4%*
Total revenue	**200 588**	**190 695**	***5,2%***

2021 revenue by geography



2020 revenue by geography



In Germany in 2020, rental income was generated by the MLP Unna logistics park. The income fell in 2021 as MLP Unna's existing buildings were demolished, with new space to be developed in their place for a tenant with whom the Group signed a lease contract in 2019. The new facility will have an area of 57,622 m^2, with construction due for completion in the first half of 2022.

In the fourth quarter of 2021, the new logistics park MLP Business Park Berlin, with a total area of 12,165 m^2, was delivered and fully leased, which will translate into a major contribution to the Group's revenue in 2022.

The structure of the Group's tenants is highly diversified and therefore the Group is not exposed to any material risk related to a single tenant or group of tenants. As at 31 December 2021, the average space of income-generating properties per tenant was approximately 4.5 thousand m^2 (31 December 2020: 4.4 thousand m^2).

As at 31 December 2021, the 10 largest tenants occupied about 35% of the total leased space in all of the Group's parks (31 December 2020: 34%).

1. 4.2 Key trading partners

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

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

For construction services, general contractors are selected in internally organised tender procedures. In 2021, the Group cooperated with Wielkopolskie Przedsiębiorstwo Inżynierii Przemysłowiej Spółka Komandytowa and BIn- Biuro Inżynierskie Sp z o.o. under the general contractor system, and the Group's turnover with these companies exceeded 10% of the Group's revenue in 2021.

The other services are procured from a broad base of suppliers, and therefore the Group is not dependent on any single supplier. In 2021, none of the Group's other suppliers accounted for more than 10% of the Group's revenue.

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

2. 1 Activities of the MLP Group S.A. Group in 2021

In 2021, the Group continued its principal business activity consisting in the construction and lease of warehouse and manufacturing and business parks. Construction work was mainly outsourced to specialist third-party service providers on a general contractor basis.

In the reporting period, the Group carried out several property development projects. As at the end of 2021, the Group's property portfolio included more than 895 thousand m^2 of leased or pre-leased space. The Company's Management Board reviewed and assessed on an ongoing basis:

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

2. 1.1 Projects started and projects completed

In 2021, the Group was engaged in construction of projects with a total area of 288 thousand m^2, with a further 25 thousand m^2 in preparation as at 31 December 2021, i.e. the total area of projects under development was 313 thousand m^2.
Out of the total, 56 thousand m^2 was attributable to projects commenced in 2020 and completed in 2021. In the 12 months ended 31 December 2021, the Group commenced projects with a total area of 232 thousand m^2, of which 212 thousand m^2 will be completed in 2022.

2. 1.2 Projects under construction and under preparation

In 2021, the Group worked on development of projects with a total area of 313 thousand m^2. Of these projects, a total area of 76 thousand m^2 was completed in 2021, mainly in Poland.

As at 31 December 2021, 212 thousand m^2 of space was under construction.
In connection with leases signed and the ongoing commercialisation processes, the Group began preparations for the construction of ca. 25 thousand m^2 of space. The permitting process also continued to enable the construction of new warehouse space on land reserved by the Group.

The Group has also signed a number of reservation agreements to purchase new land with a total area of 60 ha and a target capacity of 270 m^2.

Projects are carried out on a pre-lease basis, i.e. launch of the investment process is conditional upon execution of a lease contract with a potential tenant. In 2021, at selected locations the Group launched big-box speculative projects, which, together with pre-lease projects, constitute larger investment projects implemented in response to the present market situation.

2. 1.3 Material agreements

Material suppliers with whom agreements with a total value exceeding 10% of the Group's equity were concluded in 2021.

In April 2021, the subsidiary MLP Logistic Park Germany I Sp. z o.o. & Co.KG signed a contract with GOLDBECK International GmbH to construct a pre-leased warehouse and office building with an area of 57.6 thousand m2 at the MLP Unna logistics park.

In December 2021, the subsidiary MLP Poznań West II Sp. z o.o. signed a contract with W.P.i.P. Sp. z o.o. Sp. k. to construct a partially pre-leased warehouse and office building with an area of 54.2 thousand m2 at the MLP Poznań West logistics park.

2. 1.4 Shareholder agreements

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

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

2. 1.5 Partnership or cooperation agreements

In 2021, the Group did not enter into any significant cooperation or partnership agreements with other entities.

2. 1.6 Related-party transactions

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

For description of related-party transactions, see Note 27 to the Group's annual consolidated financial statements for the year ended December 31st 2021.

2. 1.7 Litigation

Proceedings pending before courts, arbitration bodies or public administration bodies

As at 31 December 2021, the Group was party to proceedings with a total amount of liabilities and claims under litigation of approximately PLN 6,045 thousand, including liabilities under litigation of approximately PLN 3,995 thousand (all relating to the Depenbrock Polska Sp. z o.o. sp.k. case), and claims under litigation of approximately PLN 2,050 thousand.

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.

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 first hearing was held on December 14, 2021, at which the Court stated that, in its opinion, the claim was due and decided to admit evidence from the examination of witnesses. The next hearing is scheduled for May 17, 2022.

2. 2 Development of the Group and risk factors

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

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

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

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

Credit risk

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

Liquidity risk

Liquidity risk is the risk of the Group not being able to meet in a timely manner its liabilities that are to be settled by delivery of cash or other financial assets. The Group's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without risking unacceptable losses or damage to the Group's reputation. To this end, the Group monitors its cash flows and secures access to sufficient cash to cover anticipated operating expenses and expected cash outflows for current financial liabilities, and maintains anticipated liquidity ratios.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Group's results or the value of financial instruments it holds. The Group mitigates the risk by constantly monitoring the Group's exposures, maintaining the exposures them within assumed limits, and seeking to optimise the rate of return on investment. The risk mitigating measures include applying hedge accounting to minimise the impact of volatility of market prices on financial results.

Currency risk

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

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

Interest rate risk

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

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

Risk related to the Group's dependence on macroeconomic conditions

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

Risks related with factors specific to the real estate sector

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

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

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

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

Insurance risk

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

Risk related to the nature of the Group's business

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

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

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

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

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

The Group's projects may be carried out only if the land has appropriate technical infrastructure required by law (e.g. access to internal roads, access to utilities, certain procedures for fire protection and adequate facilities to ensure this protection). Competent authorities may oblige the Group to create additional infrastructure required by law as part of the construction works before relevant administrative decisions are issued. Such additional work may significantly affect the cost of construction.
Further, certain projects may become unprofitable or impracticable for reasons beyond the Group's control, such as slowdown in the real estate market. The Group may not be able to complete these projects on time, within budget or at all, due to any of the above or other factors, which may increase the costs, delay the implementation of the project or cause the project to be abandoned.

Risk relating to general contractors

The Group outsources the execution of its projects to general contractors or other third parties. The successful completion of construction projects depends on the ability of the Group to employ general contractors who carry out projects in accordance with established standards of quality and safety, on commercially reasonable terms, within the agreed deadlines and within the approved budget. Inability to employ general contractors on commercially reasonable terms and the failure of general contractors to meet accepted standards of quality and safety, or non-completion of construction or repairs on time or within the agreed budget may increase the cost of the project, lead to project delays, or result in claims against the Group. In addition, such circumstance may adversely affect the Group's image and ability to sell the completed projects.

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

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

Risk related to obtaining administrative decisions

As part of its activities and in the course of managing its assets, the Group is legally required to obtain a number of licenses, consents, administrative decisions or other decisions from public administration bodies, including in particular permits for execution, construction and use of its properties. No assurance can be given by the Group that all such permits, consents, administrative decisions or other decisions of public administration bodies concerning the existing properties or new projects will be obtained on time (including due to the recurring risk of the COVID-19 pandemic, as described above) or that they will be obtained at all, or that the permits, consents, administrative decisions or other decisions of public administration bodies held or obtained in the future will not be revoked or their validity will be extended on time. Moreover, certain administrative or other decisions of public administration authorities may be subject to satisfaction of additional conditions by the Group (including the provision of appropriate infrastructure by the Group), or such authorities may impose additional conditions and obligations on the Group, which may entail additional costs, protract the proceedings and result in temporary inability to earn revenue due to such delays.

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

In addition, social organisations and organisations dealing with the protection of the environment, as well as adjacent property owners and local residents can take action to prevent the Group from obtaining the required permits, consents, administrative decisions or other decisions of public administration bodies, including through participation in administrative and judicial proceedings involving the Group, challenging decisions, regulations and rulings issued in the course of such proceedings, as well as disseminating negative and defamatory information about the Group and its projects. Such activities may significantly affect the time needed by the Group to execute its projects, delay expected revenue and result in additional costs the Group will have to incur in connection with its projects.

Risk related to land acquisition

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

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

An increase in future land prices may also adversely affect the competitiveness and profitability of the Group's new projects. This is because the cost of land is a major factor determining the viability of a given project. On the other hand, increase in land prices may improve the competitiveness of the Group's projects on land which had already been purchased at lower prices. In order to minimise the impact of the risk of land price increases, the Group has a land bank for prospective projects with a total area of approximately 116.66 ha.Decline in the value of land may result in lower valuations of the investment properties, and may adversely affect the competitiveness and profitability of some of the Group's projects on land owned by the Group.

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

The COVID-19 pandemic, which began in the first quarter of 2020, has had and may continue to have an impact on the Group's operations. The effective and potential future changes to work policies of public administration authorities (partial remote work and temporary closures of certain offices) may delay the issuance of administrative decisions, including permits and consents material to the Group's operations. This may delay the start and execution of projects pursued by the Company and the Group companies, not only in the Polish market but also in foreign markets where the Group operates. Delays may also result from disruptions in the work of notarial offices, contractors, subcontractors and suppliers of materials and equipment working with the Group on its projects. The risk of delays caused by the pandemic may lead to the Company and Group companies defaulting under contracts and agreements they have signed (for instance, as a result of failure to deliver a project on schedule), including agreements with banks. The COVID-19 pandemic and restrictions on business activity and freedom of movement implemented by government authorities to stop the disease, have had and may continue to have an adverse impact on the economic situation in Poland and globally, including on the financial standing of tenants and other trading partners of the Company or other Group companies and, consequently, on the Group's financial performance. The pandemic restrictions may be reintroduced in the future should pathogens other than those causing COVID-19 spread on a large scale in countries where the Group operates.

Risk of the actual and potential impact of Russia's invasion of Ukraine on the operations of the Company and its Group

In connection with Russia's invasion of Ukraine in late February 2022, the Company would like to stress that it does not conduct any business operations on the Ukrainian or Russian markets. Also, the armed conflict has not had any impact so far on the Company's Polish, German, Austrian or Romanian operations. However, as severe and extensive economic sanctions were imposed on Russia for the invasion, the country is likely to retaliate, which could affect the economic activity in Poland and globally, including the condition of tenants and other trading partners of the Company.

2. 2.2 Business development prospects

MLP Group's strategic objective is to constantly expand its warehouse space portfolio on the European market, namely Poland, Germany, Austria and Romania, and on new markets with a strong outlook for growth in 2022, specifically Benelux and Hungary.
The Group pursues its strategic objectives through Big Box development projects, undertaken primarily in response to e-commerce growth and demand from light industry customers, driven by such factors as relocation of production from Asia to Europe and, increasingly, implementation of city logistics projects offering strong growth potential – responding to the needs created by the evolution of e-commerce by offering small warehouse units of 700–2,500 m^2 within or near cities, with easy access to labour and public transport.

The strategic objectives were announced in Current Report No. 35 and Current Report No. 36 of 18 November 2021.

According to Statistics Poland, Poland's real GDP in 2021 was 5.7% higher than in 2020. Last year, inflation increased significantly, to 8.6% in December. Gradual normalisation of the global supply chain disruptions supported growth in the industrial sector.

MLP Group positively views the growth prospects of the warehouse market in all countries where it operates. Demand for state-of-the-art warehouse and production space remains high. It is now difficult to assess the impact of Russia's military aggression against Ukraine launched in the second half of February 2022. The situation in Europe and globally will heavily depend on the duration and extent of the military activities and the nature and extent of economic sanctions imposed on Russia. The war in Poland's eastern neighbour will certainly add pressure to further shorten supply chains, increase warehouse stock levels and relocate production from areas where the armed conflict is taking place. Ukrainian companies and international companies operating in Ukraine will relocate warehouses to other countries, including Poland. Also, international firms will be leaving Russia in protest against the invasion. Such activities are gaining pace. This will increase demand for warehouse and logistics space in Poland and other markets served by MLP Group.

Warehouse space market in 2021

- **Poland**

Throughout 2021, the warehouse market in Poland developed very dynamically. A surge in demand for warehouse space was achieved, with lease transaction volumes having reached 7.5m m^2, up 50% year on year. The high demand for warehouse space is driven by the need to diversify logistics networks tailored to e-commerce business needs as well as to the continued global supply chain constraints. Strong activity is displayed mainly by retail, e-commerce, logistics, courier, manufacturing and automotive companies.

The rapidly falling vacancy rates, combined with rising property development costs, are increasing pressure to raise rents for warehouse space. Currently, base rental rates are in the range of EUR 2.80–3.90/m^2/month for Big-Box projects and EUR 4.30– 5.50/m^2/month for Small Business Units (SBU). Effective rates vary between EUR 2.00 and EUR 3.10/m^2/month depending on the location. At the end of December 2021, vacancy rates fell 3pp year on year, to a record low of 3.8%.

In 2021, property developers delivered to the market over 3.1m m^2 of new warehouse space, marking record-high development activity in Poland. As a result, the total stock of modern warehouse space reached 23.9m m^2. In response to the strong demand growth and falling vacancy rates, property developers launched a number of new projects with a total area of over 1.6m m^2 in the fourth quarter of 2021. At the end of December, the total area of warehouse space under construction hit a record high of 4.5m m^2.

Source: Marketbeat Polska, Rynek magazynowy IV kw. 2021 r., Cushman&Wakefield [Marketbeat Poland. Warehouse market Q4 2021, Cushman&Wakefield]

- **Germany**

The volume of transactions on the German warehouse and logistics markets reached a record 8.67m m^2 in 2021, having increased 25% year on year (2020: 6.95m m^2) and 20% on the previous high recorded in 2018 (7.21m m^2). Demand was particularly strong in the fourth quarter, which was the first three-month period ever with demand exceeding 2.5m m^2.

Some companies are suffering from the adverse effects of COVID-19 pandemic such as supply problems and material shortages due to global supply chain disruptions. It would be reasonable for these companies to increase their local warehousing capacities to reduce their reliance on these supply chains. Other companies, such as online retailers, are benefitting from the widespread shift in shopping habits, as customers moved online to shop during the pandemic. Many regions are facing a shortage of modern logistics space and facilities available at a short notice. The development of post-industrial land is gaining prominence.

In 2021, total demand on the five largest markets (Berlin, Düsseldorf, Frankfurt, Hamburg and Munich) was record-high at approximately 2.42m m^2, or 170 thousand m^2 more than the previous record in 2011, up 27% year on year and approximately 23% above the five-year and ten-year averages. In 2021, approximately 620 thousand m^2 of new warehouse space was delivered in the Big Five regions, of which only 28% was not leased at the time of completion. Another 1.3m m^2 of space is under construction, of which 70% has been pre-leased. The construction activity is the strongest in the Hamburg region, where approximately 450 thousand m^2 is being developed.

In 2021, rents for warehouse space above 5 thousand m^2 increased by 1.6% to 9.1% year on year in four regions of the Big Five regions. The exception was the Berlin region, where prime rents remained unchanged at EUR 5.50/m^2/month in 2021. The strongest increase was reported for Düsseldorf (+EUR 0.50 to the current EUR 6.00/m^2/month). The highest prime rents are still paid by tenants in Munich, of EUR 7.50/m^2/month (up 5.6% or EUR 0.40). Prime rents increased EUR 0.30 and EUR 0.10 in Frankfurt and Hamburg, respectively, to EUR 6.50/m^2/month, with further increases expected in 2022.

In 2021, the volume of transactions in the other parts of Germany, outside the five largest markets, was 6.25m m^2, surpassing the 6m m^2 mark for the first time in history, up 24% year on year (2020: 5.04m m^2) and 30% above the five-year average. The strongest demand was from retail and e-commerce companies, accounting for approximately 2.7m m^2, or 43% of total demand. Another 35% (2.2m m^2) of total demand was attributable to distribution and logistics companies.

The highest volume of transactions outside the Big Five regions was recorded in the Ruhr (approximately 788 thousand m^2), followed by the regions of Leipzig/Halle, Hannover/Bolszewo and Hannover/Braunschweig.

Source: JLL, Logistics and Industrial Market Overview, Germany, H2 2021

- **Romania**

Supply and demand continue to see fast growth in the Romanian market for industrial and logistics space.

Approximately 543 thousand m^2 of modern warehouse space was delivered in 2021, with the total stock at the year's end at 5.63m m^2. With 63% of the new supply, Bucharest maintains its leading position as the country's most developed industrial hub. The capital city claims half of the country's logistics stock, while the other four regions jointly accommodate the other half of modern space.

In 2021, total demand reached approximately 856 thousand m^2, or 8% less than in 2020, a record year in terms of transactions and new supply. Nonetheless, demand was 40% higher than in 2017, and 70% and 80%, respectively, above the 2018 and 2019 levels. Bucharest attracted 70% of total demand last year, with automotive and retail companies accounting for 40% of demand.

At the end of the year, the vacancy rate was approximately 3.9%. In the Bucharest area, the figure was 4.2%. The vacancy rate below 5.0% both at the country level and for the capital city reflects the impressive leasing activity since 2020 with implications for the occupied stock and future new supply. Headline rent remains stable at EUR 3.9/m^2/month, while net effective rent is EUR 3.5/m^2/month for a 5 thousand m^2 unit.

At the end of last year, approximately 522 thousand m^2 of space was under construction, which should be delivered by the end of 2022.

Source: Market Outlook 2022 Romania Real Estate, CBRE Research

- **Austria**

2021 was another very successful year for the Austrian warehouse market. Until a few years ago there was hardly any rental space in Austria that met the requirements of a modern logistics property. For some time now large-scale project developments for third-party users have dominated the market, demonstrating that increased supply also generates greater demand.

Overall, the takeup in 2021 amounted to around 150 thousand m^2 and once again reached a record level (+23% year on year). The largest share of this space was acquired by logistics service providers in the eastern surroundings of Vienna. The current state of demand suggests that this trend will continue over the next few years. By returning to regular operations and restructuring supply chains to avoid further supply shortages, retailers, logistics service providers and manufacturing companies have increased their need for additional logistics space.

The prime rent for logistics properties rose to approximately EUR 5.8/m^2/month in 2021 and continues to follow an upward trend. The vacancy rate in modern logistics space reached a new record low, amounting to just 0.9% for Class A and B logistics properties in Vienna and the Vienna region.

We also see a similar development in the federal provinces and especially around the logistics hotspots of Graz and Linz. The rents there are currently lower than in Vienna, but several new projects are to be implemented, which together will create a larger modern supply.

Source: Market Outlook 2022, Austria Real Estate, CBRE Research

(all data in PLN thousand, unless stated otherwise)

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

3. 1 Key economic and financial data disclosed in the Group's annual consolidated financial statements for 2021

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

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

as at	31 December 2021	% share	31 December 2020	% share	Change (%)
ASSETS	**3 785 554**	**100%**	**2 682 892**	**100%**	**41%**
Non-current assets	**3 457 071**	**91%**	**2 392 123**	**89%**	**45%**
Including:					
Investment property	3 394 504	90%	2 330 899	87%	46%
Other long-term investments	53 887	2%	53 213	3%	1%
Current assets	**328 483**	**9%**	**290 769**	**11%**	13%
Including:					
Short-term investments	71 380	2%	27 958	1%	155%
Trade and other receivables	74 346	2%	82 430	3%	-10%
Other short-term investments	3 501	0%	10 108	0%	-
Cash and cash equivalents	177 234	5%	163 009	6%	9%

as at	31 December 2021	% share	31 December 2020	% share	Change (%)
EQUITY AND LIABILITIES	**3 785 554**	**100%**	**2 682 892**	**100%**	**41%**
Total equity	**1 824 521**	**48%**	**1 211 732**	**45%**	**51%**
Non-current liabilities	**1 722 350**	**46%**	**1 374 714**	**51%**	**25%**
Including:					
Borrowings and other debt instruments, and other non-current liabilities	1 428 170	38%	1 194 536	45%	20%
Current liabilities	**238 683**	**6%**	**96 446**	**5%**	**147%**
Including:					
Borrowings and other debt instruments	121 222	3%	33 985	1%	257%
Trade and other payables	108 323	3%	57 366	2%	89%

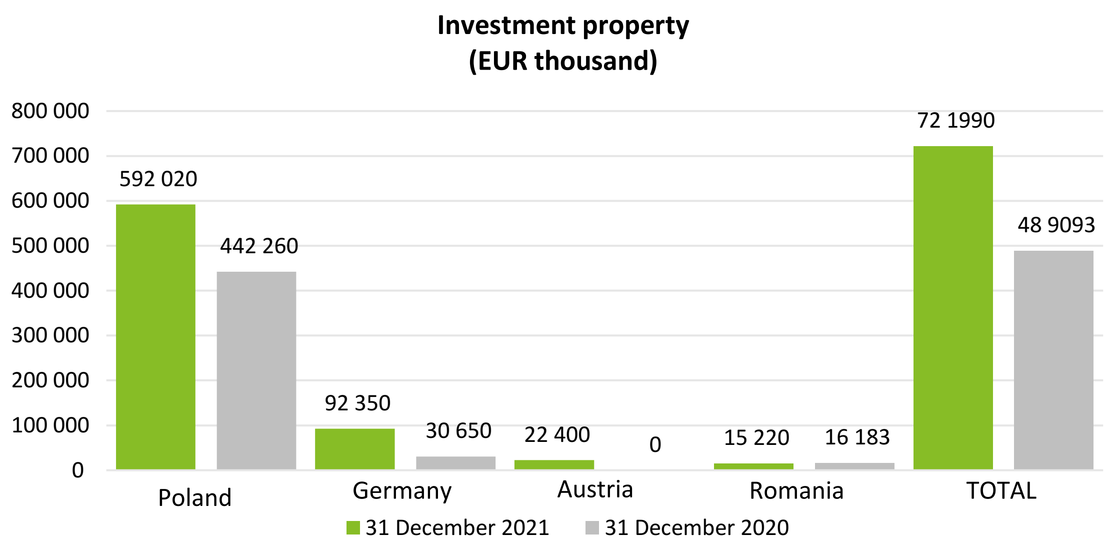
As at 31 December 2021, the Group's investment property, comprising logistics parks, continued as the key item of the Group's assets, accounting for 91% of total assets, while non-current liabilities under borrowings and other debt instruments and equity were the largest items of total equity and liabilities, representing 48% and 38% thereof, respectively. The increase in equity was partly attributable to an increase in the share capital following the issue of Series E shares, which resulted in the Group raising more than PLN 123m. The increase in non-current liabilities under borrowings and other debt instruments was mainly due to the contracting by MLP Wrocław Sp. z o.o., MLP Lublin Sp. z o.o., MLP Gliwice Sp. z o.o and MLP Teresin Sp. z o.o of a new EUR 73,418 thousand portfolio credit facility (partly to refinance existing debt), as well as a new EUR 20,000 thousand bond issue. Current liabilities under borrowings and other debt instruments represent 3% of total equity and liabilities, having increased year on year, mainly as a result of reclassification of EUR 20,000 thousand Series A bonds maturing in May 2022.

The increase in equity was partly attributable to an increase in the share capital following the issue of Series E shares.

Investment property

as at	31 December 2021 [EUR '000]	31 December 2021 [PLN '000]	31 December 2020 [EUR '000]	31 December 2020 [PLN '000]	Change [EUR '000]
MLP Pruszków I	94 910	436 529	92 210	425 531	2 700
MLP Pruszków II	183 200	842 610	145 480	671 361	37 720
MLP Poznań	39 820	183 148	34 460	159 026	5 360
MLP Lublin	37 690	173 351	34 610	159 718	3 080
MLP Teresin	18 840	86 653	17 000	78 452	1 840
MLP Wrocław	36 780	169 166	30 980	142 967	5 800
MLP Czeladź	25 000	114 985	19 170	88 466	5 830
MLP Gliwice	37 760	173 673	32 880	151 735	4 880
MLP Business Park Poznań	10 770	49 536	7 090	32 719	3 680
MLP Poznań West	71 270	327 799	20 020	101 618	51 250
MLP Wrocław West	15 760	72 487	5 320	24 551	10 440
MLP Łódź	20 220	93 000	3 040	14 029	17 180
MLP Unna	51 800	238 249	20 700	95 526	31 100
MLP Business Park Berlin	26 950	123 954	9 950	45 917	17 000
MLP Business Park Schalke	13 600	62 552	-	-	13 600
MLP Business Park Vienna	22 400	103 026	-	-	22 400
MLP Bucharest West	15 220	69 986	16 183	74 696	(963)
Valuation of the property portfolio	**721 990**	**3 320 704**	**489 093**	**2 266 312**	**232 897**

According to the valuations prepared as at 31 December 2021, the total value of the Group's property portfolio was EUR 721,990 thousand (PLN 3,320,704 thousand), having increased by EUR 232,897 thousand on 31 December 2020. The change was mainly driven by: (i) completion and delivery of 74 thousand m^2 of new space in Poland and Germany, (ii) construction of new buildings with a total area of 212 thousand m^2 in Poland and Germany, (iii) purchase of new land for the construction of new logistics parks in Poland, Germany and Austria, and (iv) and compression of yield rates resulting from rapid growth of the warehouse space market across all of the Group's geographies.



Investments and other investments

as at	31 December 2021	31 December 2020
Other long-term investments	33 315	28 674
Long-term loans	20 572	24 539
Money fund units	71 380	20 000
Short-term loans	-	7 958
Other short-term investments	3 501	10 108
Total investments and other investments	**128 768**	**91 279**

Other long-term investments comprised non-current portion of restricted cash of PLN 33,315 thousand, Including: (i) cash of PLN 17,394 thousand set aside pursuant to the terms of credit facility agreements to secure payment of principal and interest, (ii) PLN 6,126 thousand, a deposit created from a security deposit retained from a tenant, (iii) cash of PLN 4,480 thousand set aside on the CAPEX account, (iv) other retained security deposits of PLN 2,587 thousand, and (v) a PLN 2,728 thousand bank guarantee.

As at 31 December 2021, receivables under loans decreased by PLN 11,925 thousand relative to the end of 2020 following repayment of loans by related parties.

In 2021, the Group acquired further money fund units to optimise rising bank charges for maintaining bank account balances. The funds will be used to acquire new projects in 2022.

(all data in PLN thousand, unless stated otherwise)

Other short-term investments comprise the current portion of restricted cash of PLN 3,501 thousand, including: (i) a short-term portion of retained security deposit of PLN 1,907 thousand and (ii) a short-term portion of funds set aside pursuant to the terms of credit facility agreements of PLN 1,594 thousand.

Cash

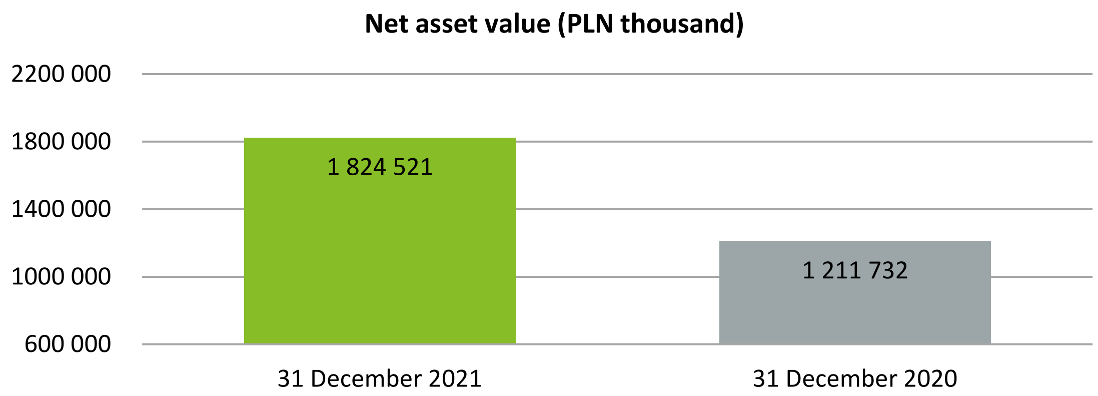
as at	**31 December 2021**	**31 December 2020**
Cash in hand	44	52
Cash at banks	177 190	162 957
Cash and cash equivalents in the consolidated statement of financial position	**177 234**	**163 009**
Cash and cash equivalents in the consolidated statement of cash flows	**177 234**	**163 009**

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

As at 31 December 2021, the balance of cash was PLN 177,234 thousand, having increased by PLN 14,225 thousand on 31 December 2020.

Equity

Net assets (NAV)



As at 31 December 2021, the net asset value was PLN 1,824,521 thousand, having increased by PLN 612,789 thousand (or 50.57%).

The increase in NAV was driven primarily by the net profit earned in 2021 of PLN 480,470 thousand, reduced by a loss on the measurement of hedging instruments recognised in other comprehensive income.

In the second quarter of 2021, the Company increased its share capital by PLN 413,346 based on the issuance of 1,653,384 Series E ordinary bearer shares. The District Court for the Capital City of Warsaw registered the share capital increase on 31 May 2021, and the shares were registered on 16 June 2021.

(all data in PLN thousand, unless stated otherwise)

Share capital

as at	**31 December 2021**	**31 December 2020**
Series A shares	11 440 000	11 440 000
Series B shares	3 654 379	3 654 379
Series C shares	3 018 876	3 018 876
Series D shares	1 607 000	1 607 000
Series E shares	1 653 384	-
Total	**21 373 639**	**19 720 255**
Par value per share	0,25 zł	0,25 zł

As at 31 December 2021, the Parent's share capital amounted to PLN 5,343,409.75 and was divided into 21,373,639 shares conferring 21,373,639 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 was 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 5 May 2021, the Parent issued 1,653,384 Series E ordinary shares with a total par value of PLN 413,346. The par value per Series E 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 21,373,639.

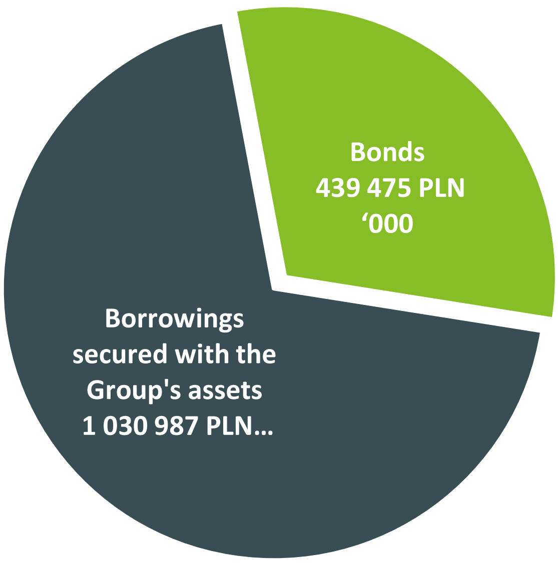
Series E ordinary bearer shares with a par value of PLN 0.25 per share were introduced to trading on the main market of the WSE on 16 June 2021 under ISIN PLMLPGR00017.

(all data in PLN thousand, unless stated otherwise)

Liabilities under borrowings and other debt instruments, and other liabilities

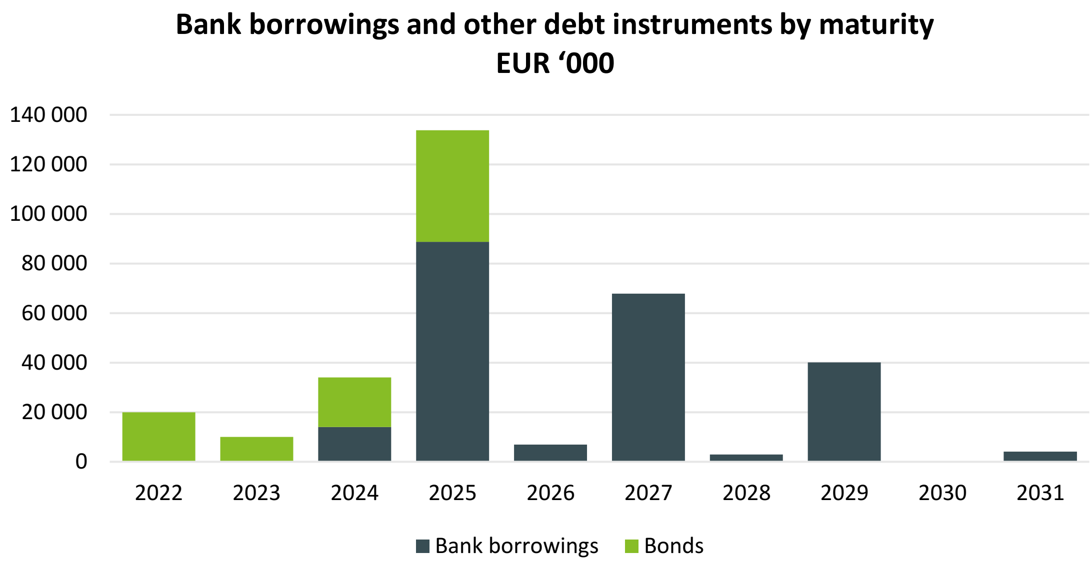
as at	**31 December 2021**	**31 December 2020**
Borrowings secured with the Group's assets	1 004 285	761 745
Bonds	344 955	346 110
Non-bank borrowings	20 633	24 623
Total non-current liabilities under borrowings and other debt instruments	**1 369 873**	**1 132 478**
Finance lease liabilities (perpetual usufruct of land)	42 915	37 063
Liabilities from measurement of interest rate hedges	4 980	15 686
Performance bonds, security deposits from tenants and other deposits	10 344	9 309
Total other non-current liabilities	**58 239**	**62 058**
Short-term bank borrowings and short-term portion of bank borrowings secured with the Group's assets	26 702	28 418
Bonds	94 520	2 420
Non-bank borrowings	-	3 147
Total current liabilities under borrowings and other debt instruments, and other current liabilities	**121 222**	**33 985**
Liabilities under borrowings and other debt instruments, and other liabilities	**1 549 334**	**1 228 521**

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



New credit facilities taken out by Group companies were the key source of increase in the amount of borrowings, other debt instruments, and other liabilities:
- in April 2021 four Group companies, MLP Lublin Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Wrocław Sp. z o.o. and MLP Teresin Sp. z o.o., entered into a credit facility agreement with BNP Paribas Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. The facility amount is EUR 73,418 thousand, and the funds will be used to refinance the companies' existing loans and to fund the Group's investment projects. The first tranche of the facility was disbursed on 30 April 2021.

The increase in liabilities under bonds is due to the issue of new series bonds with a total par value of PLN 20,000 in November 20,000.



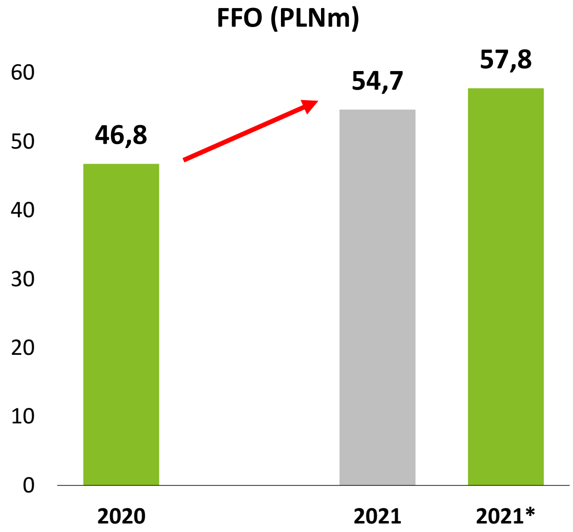
(all data in PLN thousand, unless stated otherwise)

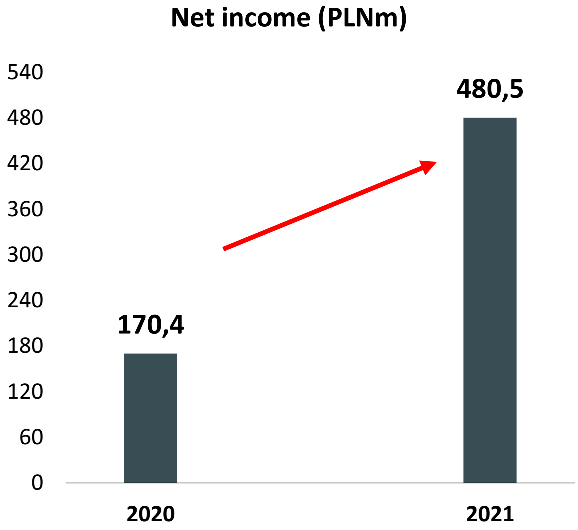
3. 1.2 Selected financial data from the consolidated statement of profit or loss

Consolidated statement of profit or loss for the year ended 31 December 2021 vs 2020

for the year ended 31 December	**2021**	*% sales*	**2020**	*% sales*	*Change (%)*
Revenue	200 588	*100%*	190 695	*100%*	*5%*
including:					
Revenue from development contract	*1 880*	*1%*	*17 742*	*9%*	*-*
Other income	2 460	*1%*	2 967	*2%*	*-17%*
Distribution costs and administrative expenses	(108 331)	*54%*	(108 142)	*57%*	*0%*
including:					
Costs related to property development contract	*(1 529)*	*1%*	*(12 821)*	*-7%*	*-*
Other expenses	(2 786)	*1%*	(1 006)	*1%*	*177%*
Operating profit before gain/(loss) on valuation of investment property	**91 931**	***46%***	**84 514**	***44%***	***9%***
Gain on revaluation of investment property	540 323	*269%*	213 325	*112%*	*153%*
Operating profit	**632 254**	***315%***	**297 839**	***156%***	***112%***
Net finance costs	(32 799)	*16%*	(87 732)	*46%*	*-63%*
Profit before tax	**599 455**	***299%***	**210 107**	***110%***	***185%***
Income tax	(118 985)	*59%*	(39 738)	*21%*	*199%*
Net profit	**480 470**	***240%***	**170 369**	***89%***	***182%***
EPRA Earnings	**26 251**		**49 504**		
EPRA Earnings per share	**1,23 zł**		**2,51 zł**		
FFO	**54 670**		**46 775**		

for the year ended 31 December	**2021**	**2020**
Earnings per share:		
- Basic earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent	23,23	9,35
Diluted earnings per share (PLN) for the period attributable to holders of ordinary shares of the Parent	23,23	9,35





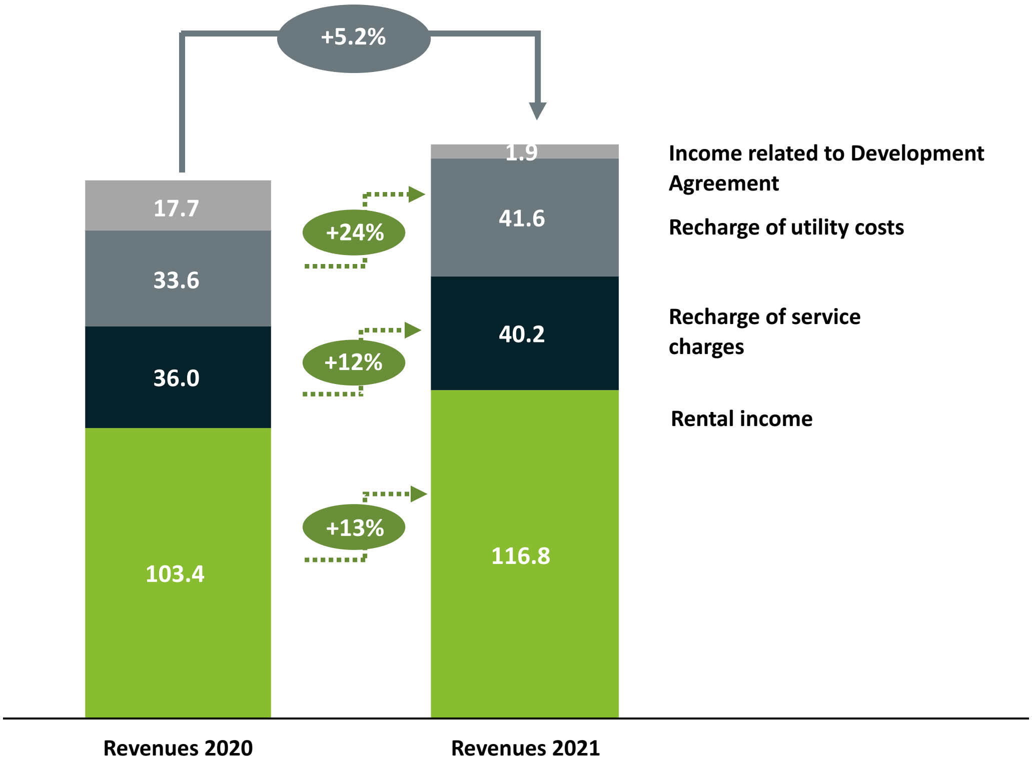
* FFO excluding a one-off transaction involving the repayment of a liability under an IRS hedging instrument related to the refinancing of previous loans at MLP Lublin, MLP Teresin, MLP Wrocław and MLP Gliwice.

for the year ended 31 December	2021	2020	change (%)
Rental income from investment property	116 831	103 355	*13,0%*
Recharge of service charges	37 571	34 360	*9,3%*
Recharge of utility costs	41 632	33 581	*24,0%*
Other revenue	2 674	1 657	*61,4%*
Total rental income	**198 708**	**172 953**	**14,9%**
Revenue from development contract	1 880	17 742	*-89,4%*
Total revenue	**200 588**	**190 695**	**5,2%**

Rental income from investment properties is the main source of the Group's revenue. In 2021, rental income was PLN 116,831 thousand, having increased by 13% year on year. The increase in rental income (up PLN 13,476 thousand) was chiefly an effect of a total of 118 thousand m^2 of completed space having been delivered under leases between 31 December 2020 and 31 December 2021 as well as of renewal of leases expiring in 2021. Revenue from development contract recognised in 2021 was attributable to the completion of the construction phase of the project under the contract.

(all data in PLN thousand, unless stated otherwise)

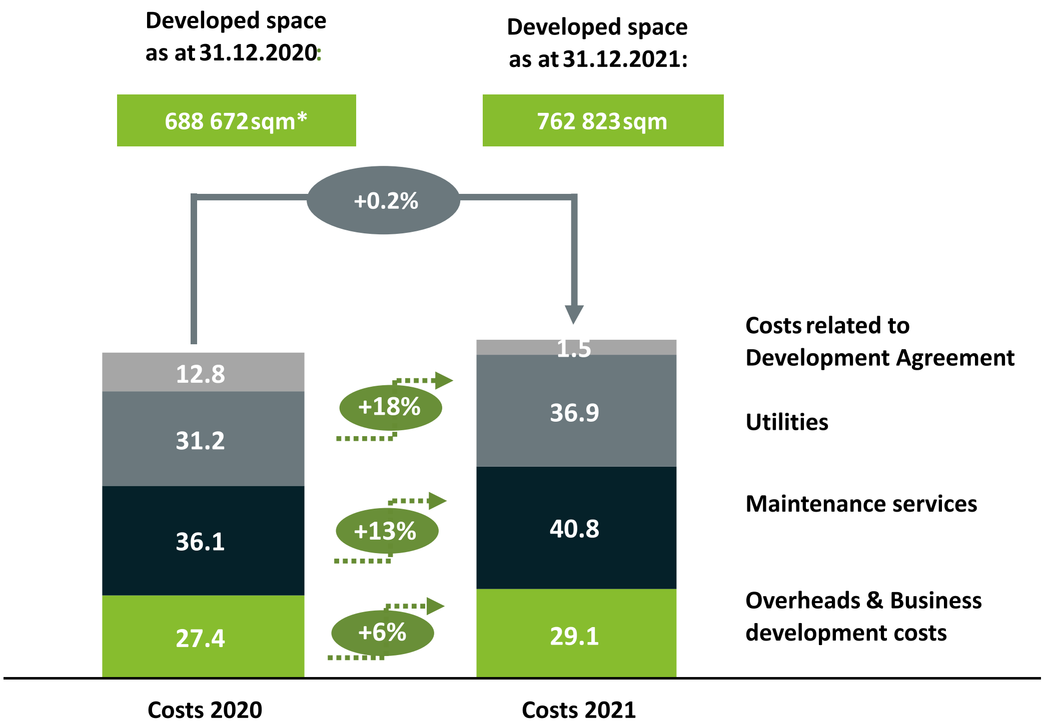
Change in key items of revenue in 2020 and 2021:



for the year ended 31 December	2021	2020	change (%)
Depreciation and amortisation	(152)	(695)	*-78,1%*
Property maintenance services	(37 609)	(33 701)	*11,6%*
Utilities	(36 856)	(31 223)	*18,0%*
Administrative expenses and development costs	(29 052)	(27 353)	*6,2%*
Other recharged costs	(3 133)	(2 349)	*33,4%*
Total distribution costs and administrative expenses	**(106 802)**	**(95 321)**	**12,0%**
Development contract costs	(1 529)	(12 821)	*-88,1%*
Total operating costs	**(108 331)**	**(108 142)**	**0,2%**

In 2021, total operating expenses were PLN 108,331 thousand, of which distribution costs and administrative expenses were PLN 106,802 thousand, up 12% on 2020. The change was mainly driven by an increase in costs directly associated with the Group's business, i.e. costs of property maintenance and utility costs, both of which are fully offset by recharge of service charges and recharge of utilities. Development contract costs incurred in 2021 were attributable to the completion of the construction phase of the project under the contract.

Change in key items of distribution costs and administrative expenses in 2020 and 2021:



** In the chart above, the space completed as at 31 December 2020 was reduced by the area of buildings at MLP Unna logistic park which were demolished in the first half of 2021.*
** The chart above does not include depreciation costs.*

The 13% (PLN 4,691 thousand) increase in property maintenance costs was attributable to an increase in property tax expense by PLN 3,302 thousand, of which 91% was due to growth in space delivered in 2021 and 9% to higher property tax rates. The increase in property maintenance costs also reflected a PLN 699 thousand rise in snow removal costs as a result of heavy snowfall in the first months of 2021.

The Group also incurs administrative expenses and development costs related to its development activities. In 2021, they came in at PLN 29,052 thousand, having remained largely unchanged year on year.

In 2021, net finance costs totalled PLN 32,799 thousand as a combined effect of foreign exchange gains (PLN 2,246 thousand), offset by interest on borrowings (PLN 14,544 thousand), interest paid on SWAP (PLN 7,889 thousand), interest on bonds (PLN 8,849 thousand), and debt service costs (PLN 3,893 thousand).

In 2021, the Group recognised gain on revaluation of investment properties of PLN 540,323 thousand (2020: gain of PLN 213,325 thousand). The main sources of the gain in 2021 included completion and delivery of a total of 75,7 m^2 of new space in 2021, and the launch in 2021 of new projects at MLP parks with a total area of 212 thousand m^2, to be completed in 2022.

(all data in PLN thousand, unless stated otherwise)

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

for the year ended 31 December	**2021**	**2020**
Net cash from operating activities	164 742	92 737
including:		
income from property development contract	*10 755*	*13 380*
Net cash from investing activities	(569 827)	(393 408)
Net cash from financing activities	421 477	354 950
Total net cash flows	**16 392**	**54 279**
Cash at beginning of period	**163 009**	**102 046**
Effect of exchange differences on cash and cash equivalents	(2 167)	6 684
Cash and cash equivalents at end of period	**177 234**	**163 009**

In 2021, the Group reported positive operating cash flows of PLN 164,742 thousand, an increase of PLN 72,005 thousand on 2020.

The positive operating cash flows in 2021 were driven by an increase in the scale of the Group's business, which resulted from an increase in the volume of leased space at the logistics parks.

In 2021, the Group reported negative cash flows from investing activities of PLN 569,827 thousand. In 2020, cash flows from investing activities were also negative, at PLN 393,408 thousand. The increase in negative investing cash flows was attributable to the Group's investment programme. The largest expenditures incurred by the Group were outlays on the development of logistics parks in Poland as well as purchases of land at new locations, totalling more than PLN 533,289 thousand. The Group acquired further money fund units (PLN 154,600 thousand) in 2021. Negative cash flows were adjusted for PLN 103,381 thousand in proceeds from disposal of other investments in financial assets

In 2021, the Group reported positive cash flows from financing activities of PLN 421,477 thousand. The amount was attributable mainly to disbursements of credit facilities to the Group companies, the largest of which was received under a joint portfolio credit facility agreement executed by MLP Lublin Sp. z o.o., MLP Teresin Sp. z o.o., MLP Wrocław Sp. z o.o. and MLP Gliwice Sp. z o.o. The facility was used by the companies to refinance their credit facilities with other banks. The issue of Series E shares in June 2021 and the issue of Series D bonds also had a material effect on net cash flows from financing activities (PLN 123,585 thousand and PLN 93,304 thousand, respectively).

3. 2 Management Board's position on published forecasts

The Management Board of MLP Group S.A. has not published any financial forecasts for 2021.

(all data in PLN thousand, unless stated otherwise)

3. 3 Management of the Group's financial resources

In 2021, in connection with its investment projects involving construction of storage and office space, the Group's efforts in the area of managing its financial resources were mainly focused on securing and appropriately structuring the financing sources, and on maintaining safe liquidity ratios. The Management Board analyses and plans the Group's financing structure on an ongoing basis to deliver the budgeted ratios and financial results while ensuring that the Group's liquidity and wider financial security are maintained.

The Management Board believes that as at 31 December 2021 the Group's assets and financial position was stable. thanks to the Group's well-established position on the warehouse space market, combined with the relevant experience and operational capabilities in managing property development projects and leasing commercial space. Further in this report the Group's financial condition and assets are discussed in the context of the liquidity and debt ratios.

3. 3.1 Profitability ratios

	Operating profit margin (%)	Pre-tax profit margin (%)	Net profit margin (%)	Return on equity (ROE)	Return on assets (ROA)	LTV ratio
2021	45,8%	298,8%	239,5%	26,3%	12,7%	36,9%
2020	44,3%	110,2%	89,3%	11,5%	5,1%	42,4%

The profitability analysis is based on the following ratios:

- **operating profit margin:** operating profit before investment property valuation/revenue;
- **pre-tax profit margin**: profit/(loss) before tax / revenue;
- **net profit margin:** net profit (loss)/revenue;
- **return on equity (ROE)**: net profit/(loss) / equity;
- **return on assets (ROA):** net profit (loss) / total assets;
- **LTV ratio:** [interest-bearing debt - (cash and cash equivalents + money fund units + restricted cash to secure repayment of loans)]/Investment property.

In 2021, the operating profit margin increased year on year. In the reporting period, the operating profit margin was mainly driven by completion and delivery to tenants of 75 thousand m^2 of new space, as well as rental income from buildings whose construction was completed in 2020 and which were leased for a full year for the first time in 2021.

In 2021, the pre-tax profit margin was 298.8%, having increased by 188.6pp. The change was primarily attributable to operating profit, as well as higher revaluation of investment property.

The net margin increased 150.2pp year on year, to 239.5% in the reporting period.

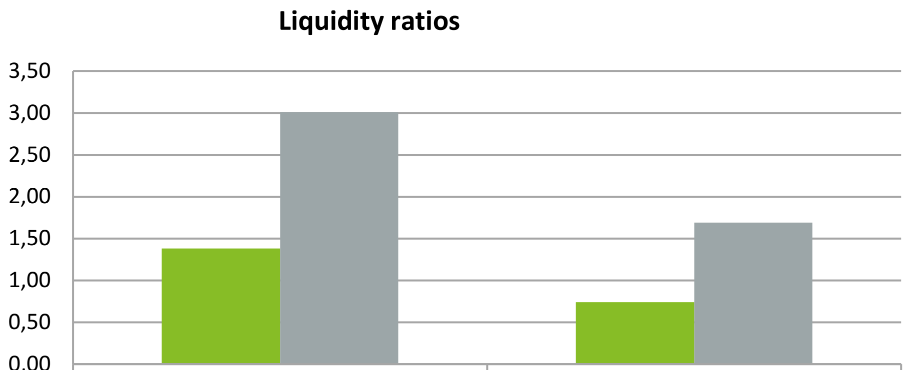
Return on equity increased to 26.3% in 2021, up 14.8pp on 2020.

Return on assets increased year on year, by 0.2pp.

In 2021, the LTV ratio was 36.9%, 5.5pp lower than the year before (42.4%), and is considered safe. The change was attributable to the higher value of investment property held by the Group.

(all data in PLN thousand, unless stated otherwise)

3. 3.2 Liquidity ratios



	Current liquidity	Cash ratio
31 December 2021	1,38	0,74
31 December 2020	3,01	1,69

The liquidity analysis is based on the following ratios:

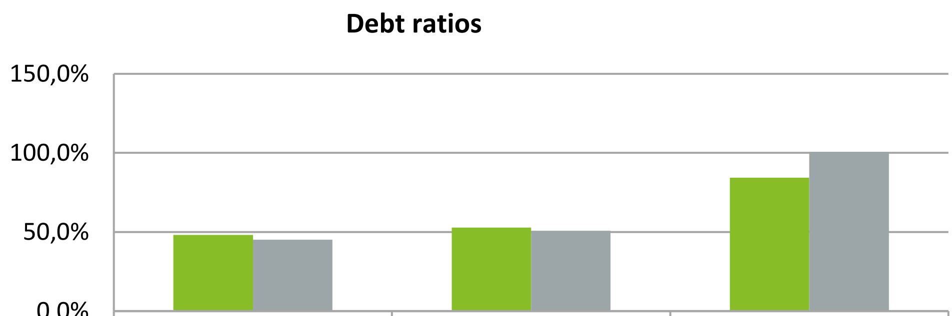
- **current ratio:** current assets / current liabilities;
- **cash ratio:** cash and cash equivalents / current liabilities.

As at 31 December 2021, the current ratio decreased relative to year-end 2020 (by -1.63pp).

The cash ratio as at 31 December 2021 decreased relative to the end of 2020 by 0.95pp.

The change in the two ratios was mainly attributable to a significant increase in current liabilities – a portion of the liabilities arising under bonds (Series A bonds) maturing on 11 May 2022 were reclassified to current liabilities.

3. 3.3 Debt ratios



	Equity ratio	Equity financing of non-current assets	Interest-bearing debt to equity
31 December 2021	48,2%	52,8%	84,4%
31 December 2020	45,2%	50,7%	100,6%

The debt analysis is based on the following ratios:

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

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

As at 31 December 2021, the equity ratio slightly increased (by 3.0pp), to 48.2%. In accordance with the terms and conditions of the Series A, Series B, Series C and Series D bonds, the equity ratio may not be less than 35%.

The equity to non-current assets ratio also increased, by 2.1pp. On the other hand, the interest-bearing debt to equity ratio fell 16.2pp as a result of a new share issue and a consequent share capital increase as well as new credit facilities and a new bond issue, which led to an increase in liabilities.

3. 4 Borrowings, bonds, sureties and guarantees

3. 4.1 New and terminated non-bank borrowings

In 2021, the Group did not take out any new non-bank borrowings.

3. 4.2 New and terminated bank borrowings

- **New credit facility agreements in 2021**

  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 11 March 2021.

  On 9 April 2021, four companies of the Group: MLP Lublin Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Wrocław Sp. z o.o. and MLP Teresin Sp. z o.o., entered into a credit facility agreement with BNP Paribas Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. The facility amount is EUR 73,417,681.00, and the funds will be used to refinance the companies' existing loans and to fund the Group's investment projects. The first tranche of the facility was disbursed on 30 April 2021.

  In February, March and May 2021 ING Bank Śląski S.A. disbursed further tranches under a credit facility to MLP Poznań Sp. z o.o. for a total amount of EUR 1,474 thousand.

  On 30 April 2021, Powszechna Kasa Oszczędności Bank Polski S.A. and BNP Paribas Bank Polska S.A. disbursed tranches to MLP Gliwice Sp. z o.o., MLP Lublin Sp. z o.o., MLP Wrocław Sp. z o.o. and MLP Teresin Sp. z o.o.

  On 23 July 2021, a credit facility agreement was executed between MLP Pruszków II sp. z o.o. and Polska Kasa Opieki S.A. The first tranche of the facility was disbursed on 1 September 2021. On 1 October 2021, Bank Polska Kasa Opieki S.A. disbursed another tranche of the facility.

  On 16 September 2021, MLP Logistic Park Germany I Sp. z o.o. & Co. KG executed a credit facility agreement with Bayerishe Landesbank. On 19 November 2021, the first tranche under the facility was disbursed. Subsequent tranches were disbursed on 28 January and 1 March 2022.

  On 23 September 2021, MLP Bucharest West SRL of Bucharest, Romania, entered into a credit facility agreement with OTP Bank Romania SA of Bucharest. On 30 September 2021, the first tranche of the facility was disbursed.

- **Repayment of bank borrowings in 2021**

  In 2021, the Group repaid its bank borrowings in accordance with the agreed repayment schedules.

  On 30 April 2021, four Group companies, MLP Lublin Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Wrocław Sp. z o.o. and MLP Teresin Sp. z o.o., repaid existing bank borrowings from proceeds received under a credit facility agreement executed with BNP Paribas Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. – see above for details.

  No credit facilities were terminated in the reporting period.

(all data in PLN thousand, unless stated otherwise)

3. 4.3 Bonds

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

On 17 October 2021, the Company issued, by way of public offering for qualified investors, 20,000 Series D bearer bonds with a nominal value of EUR 1,000 per bond and total nominal value of EUR 20,000,000. 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 PLMLPGR00090, and the bonds have been traded in the Catalyst alternative trading system since 17 November 2021. The bonds pay variable interest at 6M EURIBOR plus margin. The maturity date for the Series D bonds is 17 May 2024.

The bonds of MLP Group S.A. outstanding as at 31 December 2021 are presented below.

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	ISIN
Private bonds – **Series A**	EUR	20 000 000	2022-05-11	6M EURIBOR + margin	none	PLMLPGR00033
Private bonds – **Series B**	EUR	10 000 000	2023-05-11	6M EURIBOR + margin	none	PLMLPGR00041
Public bonds – **Series C**	EUR	45 000 000	2025-02-19	6M EURIBOR + margin	none	PLMLPGR00058
Public bonds – **Series D**	EUR	20 000 000	2024-05-17	6M EURIBOR + margin	none	PLMLPGR00090

3. 4.4 Loans

In 2021, the Group did not grant any new loans.

3. 4.5 Sureties issued and received

MLP Group S.A. entered into Support Agreements providing support to Group companies in connection with:
- a credit facility agreement entered into by MLP Poznań West II Sp. z o.o. with Powszechna Kasa Oszczędności Bank Polski S.A. in February 2021,
- a credit facility agreement entered into by MLP Lublin sp. z o.o., MLP Gliwice sp. z o.o., MLP Teresin sp. z o.o. and MLP Wrocław sp. z o.o. with BNP Paribas Bank Polska S.A. and Powszechna Kasa Oszczędności Bank Polski S.A. in April 2021.

3. 4.6 Guarantees provided and received

On 14 January 2022, MLP Group S.A. provided an up to PLN 1,800,000 surety to MLP Łódź II Sp. z o.o. to secure fulfilment by the latter of its project developer commitments under a road redevelopment agreement with the City of Łódź.

3. 5 Feasibility of investment plans

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

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

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

3. 6 Non-recurring factors and events with a bearing on the consolidated financial result for the 12 months ended 31 December 2021

In 2021, there were no non-recurring factor or events that would have a material effect on the consolidated profit or loss for the financial period.

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

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

3. 8 Material achievements and failures in the 12 months ended 31 December 2021.

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

3. 9 Seasonality and cyclicality

The Group's business is not seasonal or cyclical.

4. Statement of compliance with corporate governance standards

Statement of MLP Group S.A. of Pruszków (the "Company", the "Issuer", the "Parent") regarding selected corporate governance rules set forth in the Annex to Resolution No. 14/1835/2021 of the Exchange Supervisory Board dated 29 March 2021 which were not complied with in the financial year ended 31 December 2021, with explanation of the circumstances and reasons for the non-compliance.

The Company's Management Board, appreciating the importance of corporate governance principles to ensure transparency of the Company's internal relations and its external relations, in particular the Company's existing and future shareholders, pursuant to the obligation imposed under Par. 29.3 of the WSE Rules, announces that in the financial year ended 31 December 2021 all the corporate governance rules defined in the 'Code of Best Practice for WSE Listed Companies' were applied, except for:

1. Disclosure policy, investor communications

1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

<u>Explanation of the reasins why the Company does not comply with the principle:</u>

The proportion of women and men is based on competence, skills and performance. Hiring decisions are not based on the gender of the candidate. Therefore, the Company cannot ensure balanced proportion of women and men in the total number of employees, and thus the value of the equal remuneration paid to employees would be unreliable.

1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

<u>Explanation of the reasins why the Company does not comply with the principle:</u>

The Group supports charitable institutions, but details are not published.

2. Management Board, Supervisory Board

2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

<u>Explanation of the reasins why the Company does not comply with the principle:</u>

The principle is applied except for the gender area.

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

Explanation of the reasins why the Company does not comply with the principle:

The performance of management and supervisory functions within the Company's structures is dependent on competence, skill and efficiency. Decisions on appointments to key management, management and supervisory positions are not decisions regarding appointments to key management, management and supervisory positions are not based on a candidate's gender or age.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

2.11.2. summary of the activity of the supervisory board and its committees;

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

Explanation of the reasins why the Company does not comply with the principle:

The Company will ensure that the principle is applied in the future

3. Internal systems and functions

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

Explanation of the reasins why the Company does not comply with the principle:

The Company does not distinguish in its structure units responsible for the execution of tasks in individual systems or functions due to the Company's size and its unstructured organizational structure.

3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.

Explanation of the reasins why the Company does not comply with the principle:

The Company does not belong to any of the following indexes: WIG20, mWIG40 or sWIG80.

The set of corporate governance rules is published on the Company's website.

(all data in PLN thousand, unless stated otherwise)

4. 1 Share capital and shareholders

4. 1.1 Shareholders

As at 31 December 2021, the Parent was controlled by the majority shareholder, Cajamarca Holland B.V. of Amsterdam, which held 10,242,726 shares in the Company, representing 47.92% of the share capital and conferring 47.92% of the voting rights. Cajamarca Holland B.V. is a Dutch holding company.

The table below presents the list of shareholders as at 31 December 2021:

Shareholder	Number of shares	Ownership interest	% of total voting rights
CAJAMARCA Holland BV	10 242 726	47,92%	47,92%
Other shareholders	4 426 794	20,71%	20,71%
THESINGER LIMITED	1 771 320	8,29%	8,29%
MetLife OFE	1 656 022	7,75%	7,75%
Israel Land Development Company Ltd. [1)]	1 933 519	9,05%	9,05%
GRACECUP TRADING LIMITED	641 558	3,00%	3,00%
MIRO B.V.	452 955	2,12%	2,12%
Shimshon Marfogel	149 155	0,70%	0,70%
MIRO LTD.	99 170	0,46%	0,46%
Oded Setter [2)]	420	0,00%	0,00%
Total	**21 373 639**	**100%**	**100%**

On 5 May 2021, the Parent issued 1,653,384 Series E shares with a total par value of PLN 413,346 (par value per Series E 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 is 21,373,639.

[1)] As part of the issue of Series E shares, 1,001,000 shares were subscribed for by Israel Land Development Company Ltd. Furthermore, on 28 September, 11 October and 14 October 2021 Israel Land Development Company Ltd. of Bnei Brak, Israel, acquired 65,000; 133,000; and 77,500 ordinary shares in the Company, thus increasing its holding to 1,933,519 shares, representing (after the changes) 9.05% of the Company's share capital and conferring rights to 1,933,519 votes, i.e. 9.05% of total voting rights.

[2)] On 13 September and 7 October 2021, Oded Setter, a member of the Supervisory Board, acquired 270 and 150 ordinary shares, representing in total 0.002% of the share capital and 420 voting rights, or 0.002% of total voting rights.

4. 1.2 Special rights of the Shareholders

MLP Group S.A. has not issued any shares conferring special rights to their holders.

Pursuant to the Articles of Association, Cajamarca Holland B.V., as long as it holds at least 25% of the shares, has a personal right to appoint and dismiss three members of the Supervisory Board, including the Chairman of the Supervisory Board; and MIRO B.V., as long as it holds at least 2.5% of the shares, has a personal right to appoint and dismiss one member of the Supervisory Board. The personal rights of these shareholders expire if the combined interest of Cajamarca Holland B.V. and Miro B.V. in the Company's share capital falls below 40%.

According to representations made by the major shareholders, they do not hold any other special voting rights.

4. 1.3 Restrictions on rights attached to shares

Restrictions on voting rights, such as limitation of the voting rights of holders of a given percentage or number of votes, time limits on the exercising of voting rights, or provisions under which, with the Company's cooperation, equity rights attaching to securities are separated from the holding of the securities.

There are no restrictions on voting rights at MLP Group S.A.

Restrictions on transferability of securities issued by MLP Group S.A.

There are no restrictions on the transferability of securities issued by MLP Group S.A.

4. 2 General Meeting

Operation of the General Meeting and its key powers; shareholders' rights and the manner of exercising those rights, including in particular the standards set out in the rules of procedure for the General Meeting (if such rules have been adopted) to the extent not prescribed directly by the applicable laws.

The General Meeting may be held as an annual or extraordinary meeting and, as the Company's governing body, operates pursuant to the Commercial Companies Code of 15 September 2000 (Dz.U. of 2000, No. 94, item 1037, as amended) , the Company's Articles of Association and the Rules of Procedure for the General Meeting of MLP Group S.A. dated 2 December 2009.

Pursuant to the Articles of Association, the following matters fall within the remit of an Annual General Meeting:

- examination and approval of the Management Board's Report and the Company's financial statements for the previous financial year;
- adopting a resolution on the distribution of profit or set-off of loss;
- approval of discharge of duties by members of the Supervisory Board and the Management Board,
- Any matters reserved for in the Commercial Companies Code require a resolution of the General Meeting unless the Articles of Association provide otherwise to the extent permitted by law. Resolutions of the General Meeting are also required to:

  - appoint and remove from office Supervisory Board members, subject to the provisions of the Articles of Association governing the appointment of Supervisory Board members by individual shareholders,

  - amend the Company's Articles of Association,

  - define the rules and amounts of remuneration for members of the Supervisory Board,

  - merge or dissolve the Company and appoint the liquidators,

  - examine claims against members of the Company's governing bodies or the Company's founders for redress of damage caused by their unlawful conduct.

Resolutions of the General Meeting are not required to acquire and dispose of real property, perpetual usufruct or a share in property or perpetual usufruct; and to pledge real property or perpetual usufruct as security.

The General Meeting is convened by way of a notice on the Company's website and in the manner required for the publication of current information under the Act on Public Offering. The notice should be published at least twenty-six days before the date of the General Meeting.

General Meetings are convened by the Management Board as annual or extraordinary meetings. An Annual General Meeting should be held within six months from the end of each financial year. However, if the Company's Management Board fails to convene the Annual General Meeting within the prescribed time, the right to convene the Meeting rests with the Supervisory Board.

The Management Board may convene an Extraordinary General Meeting:

- on its own initiative,
- at the request of the Supervisory Board,
- at the request of shareholders representing in aggregate a minimum of one twentieth of the share capital,
- based on a resolution of the General Meeting in accordance with contents of the resolution, and sets the Meeting's agenda.

In addition to the persons specified in the Commercial Companies Code, each Independent Member of the Supervisory Board may demand that:

- the General Meeting be convened,
- specific matters be placed on the agenda of the General Meeting.

Removal of items placed on the agenda of the General Meeting at the request of a person or persons entitled to do so requires their consent.

The agenda of the General Meeting is set by the Management Board.

Upon a relevant request, the Management Board convenes a General Meeting within two weeks of receiving the request.

Pursuant to the Articles of Association, if the Company's Management Board fails to convene an Extraordinary General Meeting within the prescribed time limit, the right to convene an Extraordinary General Meeting is vested in the persons who submitted the request to convene the General Meeting, upon obtaining the authorisation from the Registry Court, or in the Supervisory Board if it requested the Management Board to convene an Extraordinary General Meeting.

Resolutions may be adopted without a General Meeting having been formally convened if the entire share capital is represented at the Meeting and none of those present objects to holding the General Meeting or placing particular matters on its agenda.

All shareholders are entitled to attend the General Meeting in person or by proxy. A power of proxy to attend and vote at a General Meeting must be granted in writing or in electronic form. A power of proxy granted in electronic form does not require to be signed with a secure electronic signature verifiable with a valid qualified certificate. The right to appoint a proxy for the General Meeting and the number of proxies may not be restricted.

Only persons who are Company shareholders sixteen days prior to the date of the General Meeting (the record date) have the right to participate in the Meeting.

The General Meeting may also be attended by members of the Company's governing bodies, including members of the governing bodies whose mandate has expired but whose activities are assessed by the General Meeting, as well as persons designated by the Management Board to provide support to the General Meeting

As a rule, resolutions of the General Meeting are passed by an absolute majority of the votes cast, and voting at the General Meeting is by open ballot. A secret ballot is ordered in the case of voting on appointment or removal from office of members of the Company's governing bodies or its liquidators, on bringing them to account, on personnel matters, or on request of at least one shareholder present or represented at the General Meeting.

General Meetings are held in Warsaw or at the Company's registered office.

4. 3 Rules for amending the Articles of Association

Pursuant to Art. 430.1 and Art. 415.1 of the Commercial Companies Code, amendments to the Articles of Association of MLP Group S.A. require a resolution of the General Meeting adopted by a three-fourths majority of votes and must be recorded in the register. Where a resolution to amend the Articles of Association is to increase the shareholders' benefits or limit the rights granted personally to individual shareholders pursuant to Art. 354 of the Commercial Companies Code, the consent of all shareholders concerned is required. Amendments to the Articles of Associations are notified to the registry court by the Management Board. The General Meeting may authorise the Supervisory Board to prepare a consolidated text of the amended Articles of Association or to make other editorial changes therein specified in the General Meeting's resolution.

4. 4 Management Board

On 18 April 2016 Ordinary General Meeting adopted a resolution to amend the Article of Association. The change was registered with the court.

Pursuant to the Articles of Association, the Management Board is composed of two to three members, appointed and removed by the Supervisory Board. The President of the Management Board is appointed by the Supervisory Board.

Management Board members are appointed for a joint term of three years. The President of the Management Board is appointed by the Supervisory Board. The Management Board, as well as any of its members, may be removed from office or suspended from duties by the General Meeting.

The current term of office of the Management Board began on 30 June 2021 following the appointment, by the Supervisory Board, of Mr Radosław T. Krochta as President of the Management Board, Mr Michael Shapiro as Vice President of the Management Board and Mr Tomasz Zabost as Member of the Management Board. Pursuant to the provisions of the Commercial Companies Code and the Articles of Association, the three-year term of office of the Management Board expires not earlier than on 30 June 2024. However, the mandates of the Management Board members expire no later than on the date of the Annual General Meeting of the Company which is to examine the financial statements for 2023.

On 9 June 2016, pursuant to a resolution of the Supervisory Board, Mr Radosław T. Krochta was appointed President of the Management Board.

On 9 June 2016, pursuant to a resolution of the Supervisory Board, Mr Michael Shapiro was appointed Vice President of the Management Board.

On 25 June 2015, pursuant to a resolution of the Supervisory Board, Mr Tomasz Zabost was appointed Member of the Management Board.

4. 4.1 Powers and competencies of the Management Board

Pursuant to the Articles of Association, the Management Board manages the Company's affairs and represents the Company, in particular manages the Company's business, manages and dispose of its assets and rights vested in the Company, and adopts resolutions and makes decisions on all matters not reserved for the General Meeting or the Supervisory Board.

Two members of the Management Board acting jointly have the right to represent the Company. The Company may also be represented by proxies appointed by the Management Board under and within the scope of powers of proxy granted to them. The Management Board may also unanimously decide to appoint a commercial proxy.

A Management Board resolution is required for any of the following:

- issuance of a bill of exchange,
- grant of security interest to support debt of another entity, including of a subsidiary;
- establishing a mortgage or other encumbrance on any assets of the Company,
- execution of an agreement under which the Company is obliged to deliver, or a risk arises that the Company could be obliged to deliver, during one financial year, assets, services or cash for a total amount of EUR 500,000 its equivalent in another currency (except intra-Group loans or amendments to the loan agreements), unless execution of such agreement is provided for in the full-year financial plan (budget) adopted by the Management Board and approved by the Supervisory Board;
- convening a General Meeting or demanding that a meeting of the Supervisory Board is convened;
- filing a petition for cancellation or invalidation of resolutions of the General Meeting,
- filing a petition for bankruptcy of the Company.
- taking any action to change authorisations to sign on behalf of the Company or to approve banking transactions;

- hiring, dismissing and determining the remuneration of the Company's department heads (marketing, investment, finance and administration);
- nominating or appointing a member of any body in any entity controlled by the Company;
- representing the Company at general meetings of the Company's subsidiaries or granting powers of proxy to represent the Company at such general meetings, together with voting instructions (if applicable);
- participating in other companies, except companies of the Group, or disposing of shares in other companies, except transactions within the Group;
- issuance of shares, bonds, warrants, bills of exchange, or amending terms of the Company's bonds in issue;
- making contractual commitments to acquire or dispose of real estate, right of perpetual usufruct or fractional parts thereof, except for execution of preliminary agreements to acquire ownership or perpetual usufruct of real property which unilaterally oblige the other party and do not contain any obligations of the Company to pay a down payment or advance payment;
- execution, amendment or termination of an agreement for the provision of a credit facility, a bank guarantee or an insurance guarantee, or an agreement concerning a bank account, a letter of credit or other financial product or financial service, to which the Company and a domestic bank, a foreign bank, a credit institution or a financial institution within the meaning of the Banking Law Act of 29 August 1997 is a party or is to be a party;
- releasing a debtor of the Company from debt in excess of PLN 100,000 or an equivalent of the amount in another currency;
- approving annual budgets or long-term financial plans.

By the end of the third month from the end of a financial year, the Management Board prepares full-year financial statements, which − together with the draft resolution on the distribution of profit and the auditor's report − are be submitted to the Supervisory Board for assessment prior to the General Meeting.

4. 4.2 Operation of the Management Board

The Management Board operates pursuant to the Company's Articles of Association, the Rules of Procedure for the Management Board and the Commercial Companies Code.

The Rules of Procedure for the Management Board govern matters related to the organisation of Management Board meetings and the Management Board's decision-making process. Pursuant to the Rules of Procedure, meetings of the Management Board are held as needed, but in any case at least two times a month.

The Management Board adopts resolutions during its meetings, with the proviso that Management Board members may attend a meeting by means of remote communication and cast their votes by electronic means, fax or telephone. Management Board members may also participate in adopting resolutions by casting their votes in writing through another member of the Management Board. Resolutions may be passed outside of a Management Board meeting if all members of the Management Board give their written consent to the decision to be passed or to vote in writing.

The Rules of Procedure define the manner in which declarations of will are to be made on behalf of the Company. Declarations of will may be submitted by email where the nature or content of the legal relationship so permits. The Rules of Procedure also provide that commercial power of proxy may be granted or revoked by the Management Board at a meeting with all members present. A commercial power of proxy may also be granted at a meeting held using means of remote communication. The Rules of Procedure further provide that resolutions may also be passed by circulation.

(all data in PLN thousand, unless stated otherwise)

4. 4.3 Composition of the Management Board

As at 31 December 2021, the Management Board was composed of three members.

Below is presented information on the Management Board members, their position, date of appointment, and the date of the end of the current term of office.

First name	Surname	Position held	Most recent appointment	End of term
Michael	Shapiro	Vice President of the Management Board	30 June 2021	30 June 2024
Radosław Tomasz	Krochta	President of the Management Board	30 June 2021	30 June 2024
Tomasz	Zabost	Member of the Management Board	30 June 2021	30 June 2024

Radosław T. Krochta - ***President of the Management Board***

Radosław T. Krochta graduated from Management and Banking College in Poznań (Finance). In 2003, he completed postgraduate studies in Management at Nottingham University and an MBA postgraduate programme. He has a long track record in corporate finance positions in Poland, Eastern Europe and the United States. In 2001-2004, Mr Krochta served as CFO at Dresdner Bank Polska S.A. He was also Director of the Department of Strategic Consulting at Deloitte Advisory and previously worked as a manager at PWC in Warsaw and in the United States. He joined MLP Group S.A. in 2010, and currently serves as President of the Management Board.

Michael Shapiro - ***Vice President of the Management Board***

Michael Shapiro has over twenty years of experience in the real estate sector. He graduated from the Faculty of Management and Industrial Engineering at the Israel Institute of Technology in Haifa. From 1957 to 2000, he served as Chief Executive Officer and managed Miro Engineering Ltd and S.M. Shapiro Engineers Ltd. In 1995−2016, he served as President of the Management Board of MLP Group S.A., and in June 2016 he took the position of Vice President of the Management Board. He was responsible for the development and commercialisation of the Group's logistics parks and for the Group's investments in the land bank.

Tomasz Zabost - ***Member of the Management Board***

Mr Zabost graduated from the Faculty of Civil Engineering of the Warsaw University of Technology, with a major in construction and engineering structures. He has also completed a number of management courses and training programmes. He has over 20 years of experience in managing commercial properties, and specialises in asset management at each stage of project execution. Previously, he was involved primarily in execution of new real estate projects, starting from strategy definition, i.e. selecting the developer, land, contractors, suppliers, architects, engineers and consultants. He was also responsible for preparing project budgets and feasibility studies. For eight years Mr Zabost was employed at ProLogis, including from 2007 as Vice President-Head of Project Management. Previously he supported the Spanish construction group Dragados in its efforts to enter the Polish market. During his professional career, he also worked with other industrial developers and contractors in Poland and abroad. He has worked for such organisations as Liebrecht&Wood, E&L Project and Ghelamco Poland.

4. 5 Supervisory Board

The Supervisory Board exercises ongoing supervision over the Company's business in each area of its activity.

The Supervisory Board is composed of six members, including Chairman and Deputy Chairman, appointed for a joint three-year term of office. At least two members of the Supervisory Board are Independent Members.

The current term of office of the Supervisory Board began on 30 June 2021 and expires on 30 June 2024. However, the mandates of the Supervisory Board members expire no later than on the date of the Annual General Meeting of the Company which is to examine the financial statements for the last year of the Supervisory Board's term.

As at 31 December 2021, the Supervisory Board was composed of six members.

Subject to the personal rights described in Section 4.1.2 of this report (in Special rights of the Shareholders), members of the Supervisory Board are appointed and removed by the General Meeting.

4. 5.1 Powers and competencies of the Supervisory Board

The Supervisory Board exercises ongoing supervision over the Company in all areas of its business, and in addition to the matters specified in the Commercial Companies Code the special powers of the Supervisory Board under Art. 21.2 of the Articles of Association include:

- giving consent to the issuance of shares within the limit of the authorised share capital, including rules governing the determination of the issue price and waiver of the existing shareholders' pre-emptive rights if a resolution of the Management Board provides for such waiver; [1)]
- approving annual budgets and development plans of the Company and the Group;
- giving consent to the Company incurring liabilities or making expenditure in a single transaction or related transactions not provided for in the Company's budget falling outside the ordinary scope of the Company's business, where a value of such transaction or transactions exceeds PLN 5,000,000;
- giving consent to acquisition or disposal and cancellation by the Company of shares in other companies, except for transactions within the Group and transactions provided for in the Company's annual budget or financial plan;
- giving consent to the acquisition or disposal of real property (including perpetual usufruct rights) or interest in real property (including in perpetual usufruct rights) with a value in excess of PLN 1,000,000, except for transactions provided for in the Company's annual budget or financial plan;
- appointing and dismissing members of the Management Board;
- appointing the auditor to audit or review the Company's financial statements; [1)]
- concluding agreements between the Company and members of the Management Board;
- adopting resolutions to approve execution of agreements between the Company and a Company shareholder who holds, directly or indirectly, shares conferring more than 5% of total voting rights in the Company;
- giving consent to members of the Management Board to engage in activities which are competitive to the Company's business in person or as participants in partnerships, members of the governing bodies of companies or cooperatives, as well as shareholders of companies or cooperatives if their share in the share capital of such companies or cooperatives exceeds 5%, or if under such organisations' articles of association or under shareholder agreements they are entitled to appoint at least one member of the organisation's management board or a supervisory body;

- adopting resolutions on the rules and amounts of remuneration of the Management Board members;[1)]
- approving the Rules of Procedure for the Management Board; [1)]
- considering and giving opinions on matters to be decided by resolutions of the General Meeting,
- giving consent to encumbrance of real property, perpetual usufruct to, or interest in, the Company's real property with a mortgage to be established in favour of an entity other than a bank.

[1)] Resolutions on these matters require that at least one Independent Members votes in favour of the resolution.

In order to exercise its powers, the Supervisory Board may examine any documents, request reports and explanations from the Management Board and employees, and review the Company's assets.

The Supervisory Board may issue opinions on any matter relating to the Company, and may submit requests and initiatives to the Management Board. The Management Board is obliged to notify the Supervisory Board of its position on opinions, requests or initiatives of the Supervisory Board no later than within two weeks of the date of such requests, opinions or initiatives, provided that the opinion of the Supervisory Board is inconsistent with the Management Board's proposal or initiative, and no consent of any of the Company's governing body is required for the performance of activities covered by the Supervisory Board's opinion.

Independent Members of the Supervisory Board have the right to convene a General Meeting or place certain matters on its agenda.

4. 5.2 Operation of the Supervisory Board

The Supervisory Board operates in accordance with the Rules of Procedure for the Supervisory Board adopted by the General Meeting, which defines its powers, organisation and manner of operation. Pursuant to the Rules of Procedure, the Supervisory Board performs its tasks collectively, at its meetings. Meetings are held as needed, but in any case at least once every two months, and are held at the Company's registered office. The Rules of Procedure permit holding Supervisory Board meetings by means of remote communication.

The Supervisory Board may adopt resolutions if at least half of all its members are present at a meeting, and all the members have been invited to participate in the meeting at least 7 Business Days in advance. However, in urgent matters the Chairman of the Supervisory Board, or under another member of the Supervisory Board duly authorised by the Chairman, may convene a meeting at a shorter notice. As a rule, resolutions of the Supervisory Board are adopted by an absolute majority of votes. If the numbers of votes for and against are equal, the Chairperson of the Supervisory Board has the casting vote.

Supervisory Board members may also participate in adopting resolutions by casting their votes in writing through another member of the Supervisory Board. Meetings may be held in writing. Meetings of the Supervisory Board may be held by means of direct remote communication. A detailed procedure for holding meetings and adopting resolutions using means of remote communication is provided for in the Rules of Procedure for the Supervisory Board. Meetings of the Supervisory Board are held as needed, but at least once every quarter.

At least two members of the Supervisory Board appointed by the General Meeting should be Independent Members of the Board, at least one of whom should have qualifications in accounting or financial auditing specified in the Act on Statutory Auditors. The independence criteria are set out in Art. 18.12 of the Company's Articles of Association.

(all data in PLN thousand, unless stated otherwise)

4. 5.3 Composition of the Supervisory Board

As at 31 December 2021 the composition of the Parent's supervisory bodies was as follows:

First name	Surname	Position held	Most recent appointment	End of term
Shimshon	Marfogel	Chairman of the Supervisory Board	30 June 2021	30 June 2024
Eytan	Levy	Deputy Chairman of the Supervisory Board	30 June 2021	30 June 2024
Oded	Setter	Member of the Supervisory Board	30 June 2021	30 June 2024
Guy	Shapira	Member of the Supervisory Board	30 June 2021	30 June 2024
Piotr	Chajderowski	Member of the Supervisory Board	30 June 2021	30 June 2024
Maciej	Matusiak	Member of the Supervisory Board	30 June 2021	30 June 2024

Shimshon Marfogel - ***Chairman of the Supervisory Board***

Shimshon Marfogel graduated from the Hebrew University of Jerusalem, earning a B.A. (Bachelor of Arts) at the Faculty of Accounting and Economics.

He has been employed at Israel Land Development Company Ltd. of Tel Aviv since 1985, first as Chief Accountant (1985-1986), then Vice President and Chief Accountant (1986-2001), and Chief Executive Officer (2001-2004); since 2004, Mr Shimshon Marfogel has served as Vice President of the Management Board of Israel Land Development Company Ltd. of Tel Aviv.

Eytan Levy - ***Deputy Chairman of the Supervisory Board***

Eytan Levy graduated from Bar-Ilan University in Ramat Gan, earning a B.A. (Bachelor of Arts) in Political Science.

In 1982-1991, he held various managerial positions, including Head of Special Products Division and Vice President of the Management Board for Marketing at the Israel National Post Authority, based in Jerusalem. In 1991-1997, he held various managerial positions, including Director of Security and Logistics, Vice President of the Management Board for Marketing and Sales at the Israel National Telecommunications Company, based in Jerusalem. In 1998-2000, he was a partner in the Israel office of the American law company Gerard Klauer & Mattison, based in Tel Aviv. Since 1997 he has served as Director in the Israel law company Percite Technology, based in Rosh Ha`Ayin.

Oded Setter - ***Member of the Supervisory Board***

Oded Setter holds the position of Vice President for Financing, Investments & Business Development at The Israel Land Development Company Ltd. ("ILDC"). He also serves on the Management Boards of Skyline Investments and a subsidiary of ILDC. Mr Setter is a Certified Public Accountant (CPA). He graduated from the Faculty of Law of the Bar-Ilan University, and holds Bachelor's degrees in Accounting and in Communications and Journalism from the Hebrew University of Jerusalem.

His professional experience includes positions as Vice President for Strategy, Finance and Control at Shikun & Binui, Director for Finance, Control and Strategy at Shikun & Binui, a Management Board Member at Shikun & Binui's subsidiary, Business Finance Director at Arison Investments, and Senior Consultant at KPMG.

The Management Board further announces that according to Oded Setter's representation, he does not conduct any activities outside the Company's business which would compete with the Company's business, he is not a partner in a competing civil law partnership, a member of a competing company under commercial law or a member of a governing body of any competing legal entity, and is not entered in the Register of Insolvent Debtors maintained pursuant to the Act on the National Court Register (KRS).

Maciej Matusiak - *Member of the Supervisory Board*

Mr Maciej Matusiak graduated from the Technical University of Lódź, has the title of Chartered Financial Analyst (CFA), and is a licensed stock broker. In 1995-1996, he worked at Daewoo Towarzystwo Ubezpieczeniowe S.A. in the Department of Capital Investments as securities dealer and financial analyst. In 1996-1998, he worked as financial analyst at PKO BP Bankowy Dom Maklerski. In 1998-2002, he worked at the Commercial Union Group – initially at the Investment Department of Commercial Union Polska – Towarzystwo Ubezpieczeń na Życie S.A., and then at Commercial Union Investment Management (Polska) S.A. Since 2006, he has served as President of the Management Board of Artemis Investment Sp. z o.o. of Warsaw.

Guy Shapira - *Member of the Supervisory Board*

Mr Guy Shapira graduated with honours from Interdisciplinary Center Herzliya (IDC) in Israel with degrees from the faculty of Business and Administration (B.A.) and Law (LL.B), with specialisation in International Business Law. Mr Shapira is also licenced to practice law in Israel. Before appointment to the Supervisory Board, he worked for Steinmetz, Haring, Gurman & Co. lawfirm in Israel, and was a member of the Audit Committee of Students Association at IDC.

According to Mr Shapira's representation, he conducts activities outside the Company's business which do not compete with the Company's business, is not a partner in a competing civil law partnership, is not a member of a competing company under commercial law or a member of a governing body of any competing legal entity, and is not entered in the Register of Insolvent Debtors maintained pursuant to the provisions of the Act on the National Court Register (KRS).

Piotr Chajderowski - *Member of the Supervisory Board*

Mr Piotr Chajderowski graduated from the University of Łódź with an M.A. degree in Economics. In 2008, he joined the group of supervisory board members at the Ministry of Treasury.

In 1994-2018, he held various managerial positions, including as securities accountant (1995-1997) and (1997-1999) investment manager at PTP Kleinwart. He served as Vice President / President of management boards at the following companies: ALPHA FINANSE Sp. z o. o., Zakłady Metalurgiczne SKAWINA S.A. Grupa Impexmetal, SIGNUM FINANSE, Nowy Przewoźnik Sp. z o. o., DEUTSCHE BINNENREEDEREI AG of Berlin and Grupa WORK SERVICE S.A.

Currently, he is a member of the Supervisory Board and Chairman of the Audit Committee, and serves as Adviser to the President of the Employers of Poland on corporate restructuring.

4. 5.4 Audit Committee

On 15 January 2014, the Supervisory Board established an Audit Committee which is responsible for overseeing the Company's financial matters. The Committee's detailed tasks and manner of operation are defined in the rules of procedure of the Audit Committee, attached as an appendix to the Rules of Procedure for the Supervisory Board. The role and responsibilities of the Audit Committee include supervision, monitoring and advising the Management Board and the Supervisory Board on all matters relating to risk management, audit of financial statements, and monitoring and compliance with applicable laws and regulations. The Audit Committee evaluates the work performed by the independent auditor and the associated costs.

In 2021, the number of meetings of the Audit Committee was the same as the number of meetings held by the Supervisory Board (two).

As at 31 December 2021, the Audit Committee was composed of the following persons

- Piotr Chajderowski
- Eytan Levy,
- Maciej Matusiak.

As at 31 December 2021, Maciej Matusiak and Piotr Chajderowski satisfied the requirements of Art. 129.1 of the Act on Certified Auditors (they had the required accounting or auditing qualifications) and the independence criteria set out in Art. 129.3 of the Act on Certified Auditors.

The Supervisory Board may also appoint, from among its members, a remuneration committee whose tasks would include drafting proposals for the remuneration of members of the Company's Management Board, and supervising implementation of the Company's incentive plans entitling their participants to subscribe for Company shares or instruments linked to Company shares. Such remuneration committee mays consist of two to three members.

As at 31 December 2021, there was no remuneration committee at the Company's Supervisory Board.

4. 5.5 Key assumptions of the policy for selection and appointment of the audit firm

The audit firm is selected in advance to ensure that the audit contract can be signed within a timeframe enabling the audit firm to carry out the audit in a reliable and timely manner.

In the selection of the audit firm, particular attention is paid to the compliance of the audit firm and the statutory auditor with the independence requirements, but also to the extent of the services performed by the audit firm or the statutory auditor in the last five years preceding the appointment of the audit firm.

The audit firm is selected taking into account its experience in auditing financial statements of public-interest entities, including companies listed on the Warsaw Stock Exchange. In the process, consideration is also given to the firm's operating ability to conduct the audit of the Company's financial statements.

Key assumptions of the policy for the provision of permitted non-audit services by the audit firm, its related entities, or members of the firm's network

The statutory auditor or the audit firm carrying out the statutory audit of the Company, as well as entities related to the statutory auditor or the audit firm, may provide directly or indirectly to the audited entity, its parent and entities controlled by it within the European Union, the non-audit services listed below, subject to approval by the Audit Committee. For the purposes of this policy, the permitted non-audit services mean:

assurance concerning financial statements or other financial information for regulatory authorities, the supervisory board or other supervisory body of the Company, going beyond the scope of a statutory audit and designed to assist those authorities in fulfilling their statutory duties, audit of historical financial information in a prospectus, issuance of assurance letters and due diligence services in connection with a prospectus.

(all data in PLN thousand, unless stated otherwise)

4. 6 Remuneration and employment contracts of members of the Management Board of the Group companies and of the Supervisory Board

4. *6.1 Amount of remuneration, awards and benefits for members of the Management Board and the Supervisory Board*

Remuneration of the Management Board in 2021	At the Company	At other Group companies
Remuneration and other benefits:		
Radosław T. Krochta	2 898	502
Michael Shapiro	494	1 571
Tomasz Zabost	1 597	381
Marcin Dobieszewski	-	278
	4 989	**2 732**

In 2021, the total amount of remuneration due to and received by the Management Board from the Company and other Group companies was PLN 7,721 thousand.

Members of the Management Board received remuneration from the Company and the subsidiaries: (i) under the employment contracts, (ii) for provision of services to the Group, (iii) for serving on management boards, and (iv) on account of cash-settled share-based payments.

Remuneration of the Supervisory Board in 2021	
Maciej Matusiak	48
Eytan Levy	48
Shimshon Marfogel	48
Guy Shapira	48
Piotr Chajderowski	48
Oded Setter	48
	288

In 2021, the total amount of remuneration due to and received by the Supervisory Board was PLN 288 thousand.

4. *6.2 Agreements with members of the Management Board in case of resignation, dismissal*

Mr Radosław T. Krochta, President of the Management Board, is employed under an employment contract. Pursuant to the employment contracts, upon termination of the employment relationship members of the Management Board are entitled to receive remuneration during the notice period.

Mr Michael Shapiro, Vice President of the Management Board, is employed under an employment contract at MLP Pruszków I Sp. z o.o., a subsidiary. Pursuant to the provisions of the contract, in case of contract termination Mr Shapiro is entitled to receive remuneration during the notice period.

Mr Tomasz Zabost, Member of the Management Board, is employed under an employment contract. Pursuant to the employment contracts, upon termination of the employment relationship members of the Management Board are entitled to receive remuneration during the notice period.

4. 7 Shares held by members of the Management Board and the Supervisory Board

Michael Shapiro, Vice President of the Management Board, holds indirectly, through his fully-controlled companies MIRO B.V. and MIRO Ltd., a 2.58% interest in MLP Group S.A.'s share capital, and, through a 25% interest in the share capital held by MIRO B.V. in Cajamarca Holland B.V., Mr Shapiro is the beneficial owner of 11.98% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro is the beneficial owner of a 14.56% interest in the share capital of MLP Group S.A.

Shimshon Marfogel, Chairman of the Supervisory Board, is – indirectly, through a 7.86% interest held in the share capital of a company (Thesinger Limited) holding Issuer shares – the beneficial owner of 0.65% of the share capital of MLP Group S.A., and holds directly an 0.70% interest in the share capital of the Company in the for of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel is the beneficial owner of a 1.35% interest in the share capital of MLP Group S.A.

As at 31 December 2021, Oded Setter, a member of the Supervisory Board, held directly 0.002% of the Company's share capital following share purchase transactions executed in September and October 2021.

The other members of the Supervisory Board do not directly hold shares of the Company.

4. 8 Changes in the Company's and the Group's key business management policies

In 2021, there were no major changes in the key management policies. The development of the organisation requires that management procedures applicable in MLP Group S.A. and the other entities of the Group be improved on a continuous basis.

4. 9 Internal control and risk management system

The Company's Management Board is responsible for the internal control system and its effectiveness in the process of preparing financial statements and reports required to be prepared and published pursuant to the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated 29 March 2018 (Dz.U. of 2018, item 757, as amended).

The efficiency and proper functioning of the internal control and risk management system are ensured through:

- established organisational structure,
- competences, knowledge and experience of the persons involved in the internal control processes,
- oversight of the system by the management and regular assessment of the Group's business,
- verification of financial statements by the auditor.

The overlapping of and interactions between individual features of the internal control system in several areas, such as:

- operating activities,
- financing activities,
- the reporting process (including preparation of financial statements),
- analysis of project costs and expenses, distribution costs and administrative expenses, as well as costs and expenses related to the operation of leased space,
- risk management,

not only guarantee the efficiency of the internal control system but also support the management processes across the entire Group.

The main features of the system of internal control and risk management pertaining to the preparation of separate and consolidated financial statements include in particular:

- established organisational structure,
- qualified staff,
- direct management supervision,
- verification of financial statements by the auditor.

The persons responsible for the preparation of financial statements within the financial and management reporting functions are highly qualified staff of the Finance Division, managed directly by the CFO and indirectly by the Management Board.

In accordance with the applicable laws, the Group presents its financial statements for review or audit, as applicable, by a renown and highly qualified independent auditor. In the course of an independent audit, employees of the Finance Division involved in the preparation of the financial statements provide all necessary information and clarifications.

The Company's controlling function, with internal control as its primary and significant component, is based on the budget system. The Company reviews its short-, medium- and long-term plans on an annual basis, with a detailed budget for the next year prepared for:

- construction projects,
- operational projects,
- distribution costs and administrative expenses.

The Group's financial and accounting system is a source of data for the Group's entire reporting system, i.e.:

- the financial reporting process,
- interim reports,
- the management reporting system.

After accounting books are closed, budget performance reports and forecasts are prepared. For the reporting periods ended, the Group's financial results are analysed in detail in the context of the original budget assumptions.

The key element of the process is to monitor deviations from the plan and explain the underlying causes. Monitoring of the deviations and identification of the causes help to optimise the Group's operations and minimise potential risks. Due to the nature of the industry, analyses are conducted on many levels – not only are individual cost groups reviewed, but also individual projects are analysed on a case-by-case basis. Based on these reports, the Company's Management Board analyses the current financial results by comparing them with the original budgets.

Effective internal control (with its reporting functions) is an essential step in risk identification and change management. Effective risk management involves not only a reporting system but also risk analysis. Therefore, the key objective of the Group's efforts to reduce exposure to risk is to properly assess potential and monitor current projects. Any potential changes in project budgets are reflected in profit and cash-flow forecasts to provide a high-level overview and eliminate not only project risks but also other risks, such liquidity or currency risks. Such high-level management and monitoring of risks and internal controls in all areas relevant to the organisation largely eliminates most of the risks to which the Group is exposed.

(all data in PLN thousand, unless stated otherwise)

4. 10 Entity qualified to audit the financial statements

By a resolution passed on 17 June 2021, the Company's Supervisory Board, acting pursuant to Art. 21.2g) of the Company's Articles of Association, appointed PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa of Warsaw as the entity qualified to audit the Company's separate and consolidated financial statements for the financial year ended 31 December 2021 and to review the interim financial statements prepared for the six months ended 30 June 2021. The audit and review engagement also covers the years 2022 and 2023.

The registered office of PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt komandytowa is located at ul. Polna 11, 00-633 Warsaw. PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt spółka komandytowa is registered as a qualified auditor of financial statements under entry no. 144.

The contract with the auditor was executed by the Company's Management Board for a period necessary to perform the auditor's duties.

The contract was signed on 2 July 2021.

In 2021, PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością spółka Audyt komandytowa did not provide any services other than audit and review of financial statements or consolidation packages.

The table below presents the fees paid to the auditor for the services performed.

as at	31 December 2021	31 December 2020
Audit of annual financial statements	85	60
Audit of separate financial statements of subsidiaries	255	255
Review of consolidated and separate financial statements	30	40
Audit and review of group reports	165	160
Total fees	**535**	**515**

Signed with qualified electronic signature.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 16 March 2022