

**REPORT ON THE ACTIVITIES OF
THE SUPERVISORY BOARD OF MLP GROUP S.A.
FOR THE FINANCIAL YEAR 2023**

Pruszków, May 2024

The Supervisory Board of MLP GROUP S.A. (the “**Company**”) hereby presents a report on its activities in the financial year 2023, including the report on the results of the assessment referred to in Art. 382.3 of the Commercial Companies Code, i.e. the assessment of: the separate financial statements of MLP GROUP S.A. for 2023, the consolidated financial statements of the MLP GROUP S.A. Group (the “**Group**”) for 2023, the Directors’ Report on the operations of the MLP GROUP S.A. Group and MLP GROUP S.A. for 2023, and the Management Board’s recommendation on the allocation of net profit for 2023.

This report includes information on:

- 1) Composition of the MLP GROUP S.A. Supervisory Board in 2023,
- 2) Activities of the MLP GROUP S.A. Supervisory Board in the 2023, including information on the matters addressed and discussed at meetings of the Supervisory Board,
- 3) Activities of the Audit Committee of the MLP GROUP S.A. Supervisory Board in 2023,
- 4) Assessment of the MLP GROUP S.A. Management Board’s performance in fulfilling its obligations towards the Supervisory Board,
- 5) Information mandated by separate regulations for listed companies,
- 6) Assessment of the separate financial statements of MLP GROUP S.A. for the financial year 2023, the consolidated financial statements of the Group for the financial year 2023, and the Directors’ Reports on the operations of the Company and the Group, in terms of their accuracy and consistency with the accounting records and documents, and assessment of the Management Board’s recommendation on the allocation of MLP GROUP S.A.’s net profit for 2023,
- 7) Assessment of MLP GROUP S.A.’s standing in 2023, including assessment of internal controls and the system for managing risks relevant to the Company,
- 8) Recommendations for the Annual General Meeting of MLP GROUP S.A.

1. COMPOSITION OF THE SUPERVISORY BOARD OF MLP GROUP S.A. IN 2023

In the period from 1 January to 31 December 2023, i.e. in the second full year of its three-year term, the Supervisory Board of MLP GROUP S.A. consisted of:

1. Shimshon Marfogel – Chair of the Supervisory Board,
2. Eytan Levy – Deputy Chair of the Supervisory Board,
3. Oded Setter – Member of the Supervisory Board,
4. Guy Shapira – Member of the Supervisory Board,
5. Maciej Matusiak - Member of the Supervisory Board,
6. Piotr Adam Chajderowski – Member of the Supervisory Board.

In 2023, an Audit Committee operated within the Supervisory Board. Information on the activities of the Committee is presented below.

1. ACTIVITIES OF THE SUPERVISORY BOARD OF MLP GROUP S.A. IN 2023

In 2023, the Supervisory Board performed ongoing supervision of the Company’s activities, as stipulated in Art. 21.1 of the Company’s Articles of Association and Section 7.1 of the Rules of Procedure for the Supervisory Board of MLP GROUP S.A.

The Supervisory Board held 2 meetings in 2023, and passed 10 resolutions by written ballot. Resolutions were passed both at in-person meetings and using means of remote communication, outside formal meetings. All members of the Supervisory Board were present at all meetings.

In 2023, the key matters addressed by the Supervisory Board included approval for the acquisition of properties in Moszna and Gorzów Wielkopolski, the execution of credit facility agreements by MLP GROUP S.A Group companies, and the issuance of bonds by MLP GROUP S.A

1.1. IMPLEMENTATION OF THE GROUP'S BUDGET IN 2023

The MLP GROUP S.A. Group's budget for 2023 was approved for implementation by the Supervisory Board at its meeting held on 1 February 2023. The implementation of the Group's 2023 budget was approved by the Supervisory Board at its meeting on 18 March 2023. The Supervisory Board summarised the implementation of the budget in 2023, including growth projects in the property development segment. The Company delivered very good operational and financial results on leasing of space in European markets. There is a strong demand for modern, strategically located, and environmentally sustainable warehouses, attracting a diverse range of tenants.

Selected figures for 2023:

- increase in investment property to PLN 4.5 billion (EUR 1.04 billion), up 2% relative to 31 December 2022 (up 11% vs. 31 December 2022),
 - increase in net asset value (NAV) to PLN 2,395.6 million (EUR 551 million), down 4% relative to 31 December 2022 (down 3% in EUR vs. 31 December 2022),
 - NAV per share: PLN 99.8 (EUR 23.0), down 4% relative to 31 December 2022 (up 3% in EUR vs. 31 December 2022),
 - EBITDA adjusted for revaluation of properties at PLN 178.7 million (EUR 39.5 million), up 32% y/y,
 - funds from operations (FFO) at PLN 93.3 million (EUR 20.6 million), up 8% y/y,
 - net loss of PLN 52.1 million (EUR 11.5 million),
 - lease contracts in 2023 for approximately 276 thousand sqm (including binding letters of intent for 13,340 sqm),
- BREEAM/DGNB: almost 80% of the portfolio certified with Very Good or Excellent level.

In 2023, the Group companies leased 276 thousand sqm of space (this includes binding letters of intent for 13,340 sqm). The Group's property portfolio comprised a total leasable area of 1.079 million sqm, with an occupancy rate of 95%. Space under construction spanned 182 thousand sqm. Throughout 2023, the Group made progress in diversifying its asset base (big-box and urban logistics properties), tenants, and geographic regions.

In 2023, there was a significant 7.7%- increase in rents (on a like-for-like basis), and lease contracts were entered into for 276 thousand sqm (including binding letters of intent for 13,340 sqm). Given the continued high demand from tenants, accompanied by a falling supply of new industrial and logistics space, the vacancy rate remains low.

Moreover, 2023 saw the delivery of approximately 106 thousands sqm of GLA in the Group portfolio, adding PLN 47.5 million of newly contracted rent to the rent generated by projects completed in previous year. As at 31 December 2023, the Group's portfolio generated rental income of PLN 200.9 million. During the year, the Group contracted base rents of PLN 21.8 million. Rental income from the existing space was increased significantly, by PLN 26.2 million, by capturing reversionary potential and due to the impact of indexation.

Given the prevailing geopolitical situation and the high economic volatility, the Group is well positioned to navigate these challenges, as exemplified by the following data:

- 100% of lease contracts are indexed with CPI for EUR, without any cap (indexed once a year in February),
- all rentals are denominated in EUR or are directly expressed in EUR, which significantly reduces the Group's exposure to the currency risk,
- almost 80% of credit facilities are hedged with IRS for the next four years, resulting in limited interest rate exposure,
- diversification of energy sources and implementation of solutions having a positive impact on the natural environment,

- progress of the solar PV projects carried out by MLP in 2023 in accordance with the plan; with an average cost of approximately EUR 770,000 per MWp, the target yield on cost on those projects for MLP GROUP is expected to reach 15%;
- the greatest value is the potential of the secured land, which will enable rapid growth of the Group companies in the coming years on European markets, facilitating the achievement of the assumed strategic goals,
- 99% timely rent collection across the portfolio,
- strong cash flow position:
 - i) LTV at 38.6%, the highest interest coverage ratio at 2.3 x ICR,
 - ii) long debt maturity ratio of 4.3 years,
 - iii) FFO at PLN 93.3 million (EUR 20.6 million), up 8% y/y.

The Supervisory Board concluded that the assumptions set forth in the 2023 budget had been fulfilled, and the anticipated targets were successfully accomplished.

2.2 PREPARATIONS FOR THE ANNUAL GENERAL MEETING OF MLP GROUP S.A. FOR THE FINANCIAL YEAR 2022

On 22 June 2023, the Supervisory Board of MLP GROUP S.A. provided its opinion on matters to be discussed at the Annual General Meeting. This included a thorough review of the reports presented by the Company for approval during the Annual General Meeting, i.e.:

- the separate financial statements of MLP GROUP S.A. for the financial year 2022, which the Supervisory Board found to be accurate and consistent with the accounting records and documents, and concluded that they presented a fair and clear view of the Company's asset and financial position and met the requirements set forth in the Accounting Act of 29 September 1994 (Dz. U. of 2023, item 120, as amended),
- the consolidated financial statements of the MLP GROUP S.A. Group for the financial year 2022, which the Supervisory Board found to be accurate and consistent with the accounting records and documents, and concluded that they met the requirements set forth in the Accounting Act of 29 September 1994 (Dz. U. of 2023, item 120, as amended),
- the Directors' Report on the operations of the MLP GROUP S.A. Group and MLP GROUP S.A., which the Supervisory Board found to be a comprehensive presentation of the Group's and the Company's operations in 2022, consistent with the financial data contained in the separate and consolidated financial statements for 2022, and concluded that the Directors' Report met the requirements set forth in Art. 49 of the Accounting Act of 29 September 1994 (Dz. U. of 2019, item 351, as amended).

Based on the review and assessments, the Supervisory Board recommended that the financial statements and the report referred to above be approved by the Annual General Meeting of MLP GROUP S.A.

The Supervisory Board also considered additional agenda items to be addressed at the Annual General Meeting of MLP GROUP S.A., and:

- gave a positive assessment of the cooperation with the Management Board of MLP GROUP S.A. during the financial year 2022 and, taking into account the Company's performance for that year, decided to recommend that the Annual General Meeting of MLP GROUP S.A. grant the discharge from liability to the members of the Management Board who served on the Board in the 2022 financial year, i.e.: Radosław T. Krochta, Michael Shapiro, Tomasz Zabost, Monika Dobosz and Agnieszka Góźdź.
- received the Directors' Report for 2022, including reports on the results of the assessment of the Directors' Report of the operations of the MLP GROUP S.A. Group and MLP GROUP S.A. for 2022, and the financial statements of MLP GROUP S.A. Group and the MLP GROUP S.A. Group for 2022.

2.3 ONGOING SUPERVISION OVER THE GROUP'S FINANCIAL STANDING AND OPERATIONS

As part of its supervision over the Company's operations, the Supervisory Board conducted regular analyses of the financial position and operating results. The Supervisory Board's analyses were based on the implementation of the MLP GROUP S.A. Group's 2023 Budget.

In addition to the matters discussed in other sections of this report, in 2023 the Supervisory Board also addressed various other matters, including:

- currency risk analysis,
- interest rate risk analysis in the context of interest rate hikes by central banks,
- the impact of the armed conflict in Ukraine on the Group's tenants.

2.4 MLP GROUP S.A. GROUP'S GROWTH PROJECTS

The Supervisory Board conducted a comprehensive analysis and engaged in discussions with the Management Board regarding the status of growth and modernisation projects across the Group companies. This involved a detailed examination of project budgets, the current stage of completion, incurred costs, and their impact on the Group's cash flow, revenues, margins, and EBITDA. The Supervisory Board also discussed new projects undertaken by the Group companies in 2023.

The Supervisory Board's analyses included:

- Projects implemented on plots purchased in 2023 (MLP Pruszków II, MLP Zgorzelec, MLP Gorzów Wielkopolski),
- Acquisition of property in Łódź (MLP Łódź III),
- Acquisition of property in Bieruń (MLP Bieruń West),
- Acquisition of property in Spreenhagen (MLP Business Park Trebur),
- Acquisition of property in Dąbrówka (MLP Poznań West III).

2.5 EVALUATION OF RELATED-PARTY TRANSACTIONS

After a thorough analysis of a summary of all material related-party transactions executed on an arm's length basis in the Company's ordinary course of business in the period from 1 January to 31 December 2023, as well as related-party transactions executed by subsidiaries, the Supervisory Board approved the summary of transactions on 26 March 2024, and concluded that all material related-party transactions, including related-party transactions entered into by subsidiaries, were made at arm's length and in the ordinary course of business of the Company or its relevant subsidiaries.

2. ACTIVITIES OF THE AUDIT COMMITTEE IN 2023

During the period from 1 January to 31 December 2023, the composition of the Audit Committee of the MLP GROUP S.A. Supervisory Board (the "Audit Committee") was as follows:

- Maciej Matusiak, Chair of the Audit Committee,
- Eytan Levy, Deputy Chair of the Audit Committee,
- Piotr Chajderowski, Member of the Audit Committee.

Maciej Matusiak and Piotr Chajderowski meet the criteria of independence. All members of the Audit Committee possess expertise and skills in accounting or auditing, as well as a comprehensive understanding of the industry in which the Company operates.

The responsibilities of the Audit Committee are outlined in the Rules of Procedure for the Audit Committee, as established and adopted by Resolution No. 2/08/2021 of the MLP GROUP S.A. Supervisory Board on 18 August 2021.

3.1 DISCUSSION OF AUDIT COMMITTEE ACTIVITIES IN 2023

In 2023, the Audit Committee held 8 meetings, which were duly minuted. The meetings took place on 31 January, 15 March, 10 August, 21 August, 31 August, 19 September, 11 December, and 20 December 2023. The Audit Committee expressed its opinions and recommendations through the adoption of resolutions. The resolutions were passed both during in-person meetings and using means of remote communication, outside formal meetings.

In 2023, the Audit Committee's activities focused on evaluating and analysing the annual and interim financial statements of MLP GROUP S.A. and the MLP GROUP S.A. Group.

The Audit Committee invited representatives of the auditor, i.e. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyty sp.k., to its meetings, where they discussed periodic reports, the objectives for and findings from the audit of the full-year financial statements, including key aspects of the audit process, and the review of interim financial statements for the first six months of 2023. Depending on the specific topics being addressed, the Audit Committee also invited other employees of the Company to attend its meetings.

Furthermore, members of the Audit Committee maintained regular communication with the Company's Management Board, the auditor, i.e. PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyty sp.k., and the Company's internal auditor.

3.2 SIGNIFICANT MATTERS ADDRESSED BY THE AUDIT COMMITTEE IN 2023

- Collaboration with the auditor, including commissioning of additional services

In 2023, the Audit Committee met with the Company's auditor, i.e. representatives of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyty sp.k., to discuss the scope of the audit of the financial statements for the financial year 2022, with special attention given to issues that could have had a significant impact on the results achieved during the reporting period, such as the war in Ukraine and its effect on the financial, tax and economic risks.

The Audit Committee also made decisions regarding the approval of permitted non-audit services to be provided by the Company's auditor – PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyty sp.k. and its affiliates to the Group companies.

Moreover, the Audit Committee assisted the Company's Management Board in the process of searching for an individual to assume the role of internal auditor within the Company. This process was completed in April 2023 with the successful selection of a qualified candidate for the position, which since July 2023 has been held by Natalia Ostrowska.

The Audit Committee held meetings with the internal auditor, Natalia Ostrowska, in which it was agreed that an internal audit chart would be developed, defining the role, responsibilities, powers and position of the internal audit function. On 19 September 2023, the Audit Committee passed a resolution to adopt an internal audit plan for the Company and other Group companies for the fourth quarter of 2023. Then, it summarised the results of the internal audit carried out at the request of the Supervisory Board in the fourth quarter of 2023, which did not identify any significant irregularities, and discussed the internal audit plan for 2024. It should be noted that in addition to the formal meetings, a representative of the Audit Committee maintained regular communication with the Company's Management Board and the internal auditor.

- MLP GROUP S.A. Group's risk management strategy

The Audit Committee thoroughly analysed and discussed the periodic reports submitted by the Company, taking into consideration the management of financial risks. For this purpose, the members of the Audit Committee held meetings with the Company's Chief Financial Officer, Monika Dobosz.

- Financing of the MLP GROUP S.A. Group

During the analysis and discussion of the periodic reports of MLP GROUP S.A. and the MLP GROUP S.A. Group, the Audit Committee conducted a comprehensive examination of the financing sources for the Group's operations. This included a detailed assessment of external borrowings, as well as the debt arising from the use of funds available under the intra-group loan programme. The Committee also explored other potential financing sources, such as the issuance of bonds, and their parameters.

- 2023 Financial Plan of the MLP GROUP S.A. Group

The Audit Committee conducted a comprehensive review of the Company's financial performance in the context of the Group's 2023 Financial Plan. The Committee engaged in discussions with the Management Board regarding forecasts for MLP GROUP S.A.'s results, gross margin, fixed costs, planned capex, ongoing development projects, external factors (such as the war in Ukraine), personnel costs, and other pertinent factors.

- Other information

The Audit Committee also addressed matters relating to the adopted 2023 audit plan. It presented the findings of the 2023 audits through comprehensive reports, which were subsequently discussed during the Audit Committee meetings.

3.3 ASSESSMENT OF THE FINANCIAL STATEMENTS AND REPORTS OF MLP GROUP S.A. AND THE MLP GROUP S.A. GROUP FOR THE FINANCIAL YEAR 2023

At a meeting held on 15 March 2024, the Audit Committee discussed the financial statements and reports of MLP GROUP S.A. and the MLP GROUP S.A. Group for the financial year 2023, which were presented by the Management Board, including:

- the financial statements of MLP GROUP S.A. for 2023,
- the consolidated financial statements of the MLP GROUP S.A. Group for 2023,
- the Directors' Report on the operations of the Group and the Company in 2023.

After meeting with the Group's auditor and conducting a thorough review of the financial statements and reports, together with the auditor's opinion on the audit of the separate and consolidated financial statements for 2023 and information provided by the auditor on topics discussed with the Management Board during the audit process, the Audit Committee did not raise any comments or make reservations with respect to the financial statements and reports. The financial statements and reports, along with the auditor's opinion, were subsequently presented for assessment by the Supervisory Board.

3. ASSESSMENT OF MLP GROUP S.A. MANAGEMENT BOARD'S PERFORMANCE IN FULFILLING ITS OBLIGATIONS TOWARDS THE SUPERVISORY BOARD

4.1 ASSESSMENT OF THE MANAGEMENT BOARD'S PERFORMANCE IN FULFILLING ITS DISCLOSURE OBLIGATIONS TO THE SUPERVISORY BOARD OF MLP GROUP S.A.

The Supervisory Board gives a positive assessment of the Management Board's performance in fulfilling its obligation to provide the following information relating to MLP GROUP S.A. and other MLP GROUP S.A. Group companies: information on the Management Board's resolutions and their subject matter, the overall situation of MLP GROUP S.A. and other Group companies, progress made in implementing the established development strategies, transactions and events with a significant impact on the Company's financial position, as well as updates or changes to information previously communicated to the Supervisory Board.

4.2 ASSESSMENT OF THE MANAGEMENT BOARD'S PERFORMANCE IN FULFILLING ITS OBLIGATION TO PREPARE, PRESENT AND PROVIDE INFORMATION, DOCUMENTS, REPORTS AND EXPLANATIONS TO THE SUPERVISORY BOARD

The Supervisory Board gives a positive assessment of the Management Board's performance in fulfilling its obligation to provide the Supervisory Board with all necessary information, documents, reports and explanations related to the Company. All necessary data was provided to the Supervisory Board in a timely manner, and there were no limitations to the Supervisory Board's access to the data.

The Supervisory Board finds the information, documents and data provided in the course of ongoing cooperation with the Company sufficient for a comprehensive assessment of the Company's standing.

In 2023, the Supervisory Board did not make any requests for specific information, documents or explanations in accordance with in Art. 382.4 of the Commercial Companies Code. Consequently, no studies have been commissioned under Art. 380¹ of the Commercial Companies Code.

Members of the Supervisory Board maintained regular communication with the Management Board outside of formal meetings.

4. INFORMATION MANDATED BY SEPARATE REGULATIONS FOR LISTED COMPANIES

1.1 STATEMENT BY THE SUPERVISORY BOARD ON THE SELECTION OF AN AUDIT FIRM TO AUDIT FULL-YEAR FINANCIAL STATEMENTS IN COMPLIANCE WITH APPLICABLE LAWS

The Supervisory Board represents that the selection of the audit firm, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt sp.k., to audit MLP GROUP S.A.'s full-year financial statements was conducted in compliance with the applicable laws, including the prescribed selection process and procedures.

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt sp.k. and its auditors met the necessary conditions to provide an objective and audit report in accordance with the applicable laws, professional standards, and professional ethics. The laws governing rotation of audit firms and lead auditors and mandatory cooling-off periods are observed.

The Company has in place a policy for the appointment of an audit firm and a policy governing the provision to the Company of additional non-audit services (including services conditionally exempt from the prohibition of being provided by the audit firm) by the audit firm, a related party of the audit firm or a member of the audit firm's network.

1.2 STATEMENT BY THE SUPERVISORY BOARD ON COMPLIANCE WITH THE REGULATIONS ON THE APPOINTMENT AND OPERATION OF THE AUDIT COMMITTEE

The Supervisory Board represents that the Company complies with the laws and regulations governing the appointment, composition, and operation of audit committees, including those concerning the satisfaction of independence criteria by audit committee members and the requirements relating to expertise and skills in accounting or auditing, as well as a comprehensive understanding of the industry in which the Company operates.

5. ASSESSMENT OF THE FINANCIAL STATEMENTS OF MLP GROUP S.A. AND THE MLP GROUP S.A. GROUP FOR 2023 AND THE DIRECTORS' REPORT ON THE OPERATIONS OF THE COMPANY AND THE GROUP IN 2023 IN TERMS OF THEIR ACCURACY AND CONSISTENCY WITH THE ACCOUNTING RECORDS AND DOCUMENTS; ASSESSMENT OF THE MANAGEMENT BOARD'S RECOMMENDATION ON THE ALLOCATION OF THE COMPANY'S NET PROFIT FOR 2023

Pursuant to Art. 382.3 of the Commercial Companies Code and Art. 21.2.1) of the Articles of Association of MLP GROUP S.A., the Supervisory Board has assessed the financial statements of MLP GROUP S.A. for 2023 and the consolidated financial statements of the MLP GROUP S.A. Group for 2023, and the Directors' Report on the operations of the MLP GROUP S.A. Group and MLP GROUP S.A. for 2023 in terms of their accuracy and consistency with the accounting records and documents, as well as the Management Board's recommendation on the allocation of the net profit for 2023.

6.1 ASSESSMENT OF THE COMPANY'S SEPARATE FINANCIAL STATEMENTS FOR 2023

Pursuant to Art. 382.3 of the Commercial Companies Code and Art. 21.2.1) of the Articles of Association of MLP GROUP S.A., the Supervisory Board assessed the separate financial statements of MLP GROUP S.A. for 2023 in terms of their accuracy and consistency with the accounting records and documents.

The separate financial statements of MLP GROUP S.A. for 2023 were audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

The Supervisory Board reviewed the separate financial statements of MLP GROUP S.A. for 2023 (the "**2023 Financial Statements**") and the auditor's report on the audit of the full-year separate financial statements, according to which the financial statements:

- give a true and fair view of the Company's assets and financial position as at 31 December 2023, as well as its financial results and cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards as endorsed by the European Union and the adopted accounting policies,
- comply with the form and content requirements laid down in the laws and regulations applicable to the Company and its Articles of Association,
- were prepared on the basis of properly maintained accounting records, in accordance with Chapter 2 of the Accounting Act of 29 September 1994 (the "**Accounting Act**").

Upon reviewing the financial statements and the auditor's report on the audit of the full-year separate financial statements of MLP GROUP S.A., the Audit Committee of the MLP GROUP S.A. Supervisory Board did not raise any comments or make reservations with respect to the separate financial statements of MLP GROUP S.A. for the financial year 2023. On 14 March 2024, the Audit Committee held a meeting with the Company's auditor to summarise the audit of the full-year financial statements for the financial year 2023.

The Supervisory Board, after careful review of the separate financial statements of MLP GROUP S.A. for 2023 and the auditor's opinion, reached the conclusion that the financial statements are accurate and have been prepared in accordance with the accounting records and documents, provide a true and fair view of the Company's assets and financial position, and comply with the requirements set forth in the Accounting Act.

Based on the assessment, the Supervisory Board recommended that the Annual General Meeting approve the separate financial statements of MLP GROUP S.A. for the financial year 2023.

6.2 ASSESSMENT OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR 2023

Pursuant to Art. 382.3 in conjunction with Art. 395.5 of the Commercial Companies Code and Art. 21.2.1) of the Articles of Association of MLP GROUP S.A., the Supervisory Board assessed the consolidated financial statements of the MLP GROUP S.A. Group for 2023 in terms of their accuracy and consistency with the accounting records and documents.

The consolidated financial statements of the MLP GROUP S.A. Group for 2023 were audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp.k.

The Supervisory Board reviewed the consolidated financial statements of the MLP GROUP S.A. Group for 2023 (the “**2023 Consolidated Financial Statements**”) and the auditor's report on the audit of the consolidated financial statements, according to which the 2023 Consolidated Financial Statements of the MLP GROUP S.A. Group, in which MLP GROUP S.A. is the parent:

- give a true and fair view of the MLP GROUP S.A. Group's assets and financial position as at 31 December 2023, as well as its financial results and cash flows for the financial year then ended, in accordance with the applicable International Financial Reporting Standards as endorsed by the European Union and the adopted accounting policies,
- comply with the form and content requirements laid down in the laws and regulations applicable to the MLP GROUP S.A. Group and in its parent's Articles of Association.

Upon reviewing the 2023 Consolidated Financial Statements and the auditor's report on their audit, the Audit Committee of the MLP GROUP S.A. Supervisory Board did not raise any comments or make any reservations with respect to the 2023 Consolidated Financial Statements. On 14 March 2024, the Audit Committee held a meeting with the Company's auditor to summarise the audit of the full-year financial statements for the financial year 2023.

The Supervisory Board, after careful review of the 2023 Consolidated Financial Statements and the auditor's opinion, reached the conclusion that the 2023 Financial Statements are accurate and have been prepared in accordance with the accounting records and documents, and comply with the requirements set forth in the Accounting Act.

Based on the assessment, the Supervisory Board recommended that the Annual General Meeting approve the consolidated financial statements of the MLP GROUP S.A. Group for the financial year 2023.

6. ASSESSMENT OF MLP GROUP S.A.'S STANDING IN 2023, INCLUDING ASSESSMENT OF INTERNAL CONTROLS AND THE SYSTEM FOR MANAGING RISKS RELEVANT TO THE COMPANY

The Supervisory Board submits to the Annual General Meeting a concise assessment of the Company's standing in 2023, including an assessment of the internal control system and the system for managing risks relevant to the Company.

7.1. ASSESSMENT OF THE COMPANY'S STANDING IN 2023

In 2023, MLP GROUP S.A. generated revenue of PLN 19,694 thousand (2022: PLN 16,311 thousand), operating profit of PLN 7,894 thousand (2022: operating loss of PLN 6,119 thousand), and net profit of PLN 42,095 thousand (2022: PLN 23,022 thousand). Total assets and equity and liabilities stood at PLN 1,372,344 thousand (end of 2022: PLN 1,272,028 thousand), and the cash balance fell to PLN 155,115 thousand.

The key driver of the operating profit was higher revenue from the provision of consulting services to the Group companies. Another significant item was interest on loans to related entities of PLN 63,945 thousand (2022: PLN 41,592 thousand).

In 2023, profit before tax was reported at PLN 47,188 thousand (2022: PLN 26,652 thousand).

Net profit from continuing operations reached PLN 42,095 thousand (2022: PLN 23,022 thousand), with the increase attributable to higher operating profit (PLN 7,894 thousand profit in 2023 vs. PLN 6,119 thousand loss in 2022) and higher net finance income (PLN 39,294 thousand in 2023 vs. PLN 32,771 thousand in 2022).

Equity as at 31 December 2023 was PLN 660,385 thousand (end of 2022: PLN 618,326 thousand). As at 31 December 2023, MLP GROUP S.A.'s liabilities (both current and non-current) stood at PLN 711,959 thousand, having increased by PLN 58,257 thousand year on year. This growth was mainly attributable to a EUR 29,000 thousand issue of new Series F bonds, partly offset by the redemption of Series B bonds for EUR 10,000 thousand and Series E bonds for EUR 2,000 thousand,

MLP GROUP S.A.'s net debt, calculated as the sum of current and non-current bank and non-bank borrowings and other debt instruments, less cash and cash equivalents, was PLN 548,911 thousand as at 31 December 2023 (31 December 2022: PLN 443,753 thousand), an increase of PLN 105,158 thousand on year-end 2022.

Operating cash flows were negative, at PLN 22 thousand, having increased by PLN 5,614 thousand on 2022. The change in cash flows was mainly driven by higher operating profit (PLN 7,894 thousand profit for 2023 vs. PLN 6,119 thousand loss for 2022). The positive effect of the above factors was partly offset by the change in current liabilities (negative change of PLN 6,644 thousand for 2023 vs. positive change of PLN 179 thousand for 2022).

In 2023, cash flows from investing activities were negative and amounted to PLN 105,106 thousand, down by PLN 41,637 thousand year on year. The largest contributor to the decrease in cash flows from investing activities was the non-recurrence of proceeds from the redemption of fund units in 2023 (2022: PLN 49,059 thousand), as well as the excess of loans advanced over loan repayments of PLN 8,683 thousand, offset by higher dividend received (change of PLN 10,776 thousand).

In 2023, cash flows from financing activities were PLN 61,469 thousand, down by PLN 111,387 thousand year on year.

The decrease was mainly attributable to a PLN 181,978 thousand share capital increase in 2022 (no share capital increase in 2023).

The Company is well positioned to face the challenges of the changing environment and to achieve the targets set for 2024, which will be undoubtedly facilitated by the strong foundations built over recent years.

7.2 ASSESSMENT OF EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM

The internal control system at the MLP GROUP S.A Group consists of:

- the first and second line of defence, consisting in ongoing supervision of the management over the employees of all organisational units, control provided by employees by ensuring compliance with established procedures, rules, regulations and other internal policies throughout various phases of the Company's operations, including initial checks, ongoing monitoring, and follow-up assessments,
- third line of defence, i.e. the activities of MLP GROUP S.A.'s internal auditor – BDO Spółka z ograniczoną odpowiedzialnością sp.k., and since July 2023 a person employed as an internal auditor. The internal audit function ensures independent and objective assurance in material areas of the Group's business.

MLP GROUP S.A. has in place an internal control system that encompasses key areas of activity across the entire MLP GROUP S.A. Group, including subsidiaries, and is aligned with the organisational structure of the Group. It requires continuous improvement and adaptation due to the changing environment and business requirements. To ensure the effectiveness of the internal control system, MLP GROUP S.A. conducts periodic audits and inspections of areas that have been identified as particularly susceptible to various types of irregularities.

The internal control system of the MLP GROUP S.A. Group effectively fulfils its role.

7.3 ASSESSMENT OF EFFECTIVENESS OF THE RISK-MANAGEMENT SYSTEM

The MLP GROUP S.A. Group is aware of the risks it encounters in its business operations.

The key risks are:

- credit risk,
- liquidity risk,
- market risk (including currency risk, interest rate risk, and risk related to the Company's dependence on macroeconomic conditions),
- risk of tenants' insolvency.

The Management Board of MLP GROUP S.A. continuously identifies and monitors existing risks. Risk management policies and procedures are periodically reviewed to ensure they reflect the evolving market conditions and changes in the operations of MLP GROUP companies.

Credit risk

Credit risk represents the potential financial loss that MLP GROUP S.A. and other Group companies may incur in the event that a counterparty to a financial instrument fails to fulfil its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to establish and maintain a stable and sustainable portfolio of loans and other investments in debt instruments in terms of both quality and value. This is achieved by implementing an appropriate credit limit policy.

Liquidity risk

Liquidity risk refers to the possibility of the MLP GROUP S.A. being unable to fulfil its obligations that require cash or other financial assets to be delivered within a reasonable time frame. The MLP GROUP S.A. Group's approach to liquidity management involves ensuring that it has adequate liquidity to fulfil its obligations promptly, even under adverse circumstances, while avoiding unacceptable losses or harm to its reputation. The Company monitors its cash flows and ensures that it has enough cash to cover its expected operating expenses and current financial liabilities, and maintains the required liquidity ratios to achieve this goal.

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 Company mitigates the risk by constantly monitoring its exposures, keeping them within assumed limits, and seeking to optimise the rate of return on investments. The risk mitigation measures involve using hedge accounting to reduce the influence of market price volatility on financial results.

Currency risk

The financial statements of the Company are prepared in PLN, the functional currency of MLP GROUP S.A. The majority of rental income generated by the Company's subsidiaries is denominated in EUR, with occasional rental income also received in PLN. Some of their 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 companies 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 Group companies' borrowing costs under the financial liabilities and thus affect the Group's profitability. Any need to hedge interest rate risk is considered on a case-by-case basis.

Risk related to the Company's and the Group companies' dependence on macroeconomic conditions

The development of the commercial property market on which the Company and its companies operate 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, 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 value of direct foreign investments. Also, the Company's and its subsidiaries' business depends indirectly on changes in the global economy. The Company's and its subsidiaries' business 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 Company's and its subsidiaries' business and results, may be affected by slowdown of the global economy. Adverse changes in macroeconomic conditions and economic and monetary policies in Poland and other countries have the potential to significantly impact the financial results of the Company and its subsidiaries, as well as their ability to execute their business plans.

In addition to the risks mentioned earlier, the Company's business is exposed to various risks specific to the real estate sector. These risks, associated with the development, acquisition, ownership, and management of properties in the commercial property market, have been identified as follows:

- the risk of a downturn in the real estate market and a general deterioration in the economic situation,
- the insurance risk,
- risk related to the nature of the Company's business,
- the risk of failure to execute profitable projects,
- the risk related to general contractors,
- the risk related to obtaining administrative decisions,
- the risk related to land acquisition,
- the risk of a negative impact on the development of demand for warehouse space,
- the risk of operating in multiple jurisdictions,
- the risk of dependence on management personnel and key employees,
- the risks related to the Group's ability to actively manage assets,
- the risks related to environmental liability,
- the risk of legislative changes affecting the Group's market,
- the risk of changes in and unfavourable interpretation of tax laws,
- the risk of loss of anchor tenants,
- the risk of deterioration of tenants' financial condition,
- the risks associated with tenants' operations in logistics parks,
- the risk related to the supply of utilities to properties leased by Group companies.

The Supervisory Board gives a positive assessment of MLP GROUP S.A.'s efforts in risk management, considering the continuous monitoring of the business environment and its potential impact on the Group companies. The Board also acknowledges the proactive measures taken by MLP GROUP S.A. to mitigate identified risks and minimise their potential effects.

7.4 ASSESSMENT OF EFFECTIVENESS OF THE COMPLIANCE SYSTEM

The MLP GROUP S.A. Group companies have established a set of policies, processes, and procedures, along with formal and organisational measures, to mitigate the risk of failure to comply with the requirements applicable to the MLP GROUP S.A. Group.

This system has been implemented to mitigate the risks of violation of external or internal requirements through regular assessments of the Group's compliance with laws, internal regulations, and ethical standards that apply to the Group's business processes.

The procedures outline the business areas and provide guidance on how employees and associates of the Group companies should act to ensure compliance with various requirements with respect to capital markets laws and regulations, occupational health and safety, anti-fraud and corruption measures, conflict of interest prevention, energy law, information protection, protection of Group assets, prevention of violations or circumvention of accounting and financial reporting regulations, as well as prevention and deterrence of discriminatory practices, bullying, harassment, etc.

The following tools are used to ensure the effectiveness of the compliance system at the MLP GROUP S.A. Group:

- policies and procedures specifying how to operate in accordance with applicable regulations and indicating the proper course of action to avoid violations,
- training tailored to the risk profile of individual areas of operation and functions,

- a system for reporting questions and violations.

The Supervisory Board gives a positive assessment of the operation of the compliance system at the MLP GROUP S.A. Group.

7.5 ASSESSMENT OF EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

In the financial year 2023, internal audit services were provided by BDO spółka z ograniczoną odpowiedzialnością sp.k. In April 2023, a recruitment process was conducted, resulting in the identification of a candidate with the necessary qualifications for the role of internal auditor. Since July 2023, internal audit activities have been performed exclusively by the Group's internal auditor.

The internal auditor carries out audits at MLP GROUP S.A. and other MLP GROUP Group companies on an ongoing basis, based on a plan approved by the Audit Committee, and presents post-audit conclusions and recommendations. Findings of the internal audits are summarised and presented during meetings with the Audit Committee. Subsequently, the Audit Committee presents these findings to the Supervisory Board in the form of recommendations. The Supervisory Board gives a positive assessment of the activities of the internal auditor.

7.4 CORPORATE GOVERNANCE

From 1 January to 31 December 2023, the Company was subject to the set of corporate governance principles defined in Best Practice for GPW Listed Companies 2021 (the "Code of Best Practice"). According to the current status, the Company does not apply nine principles of the Code of Best Practice: 1.4.2, 1.5., 2.2, 2.11.1, 2.11.2, 2.11.3, 2.11.4, 2.11.5, 2.11.6

Principle 1.4.2 of the Code of Best Practice is not complied with. The participation of men and women depends on the competencies, skills and effectiveness of each individual. Hiring decisions do not depend on the gender of the candidate. Therefore, the Company cannot ensure a balanced participation of women and men in the total number of employees. Consequently, the equal pay index for remuneration paid to employees would not be reliable.

Principle 1.5 of the Code of Best Practice is not complied with. The Group supports charitable institutions but does not publish detailed information regarding that support.

Principle 2.2 of the Code of Best Practice is not complied with. Members of the management and supervisory bodies within the Company's structures are appointed based on their competencies and skills. Appointments of key managers and members of the management and supervisory bodies are made without regard to gender or age.

Principles 2.11.1–2.11.6 of the Code of Best Practice are not complied with. The Company will ensure that they are complied with in the future.

Pursuant to Section 29.3 of the Rules of the Warsaw Stock Exchange, the Company complies with the other principles of corporate governance set forth in Best Practice for GPW Listed Companies 2021. The Supervisory Board is satisfied that the Company properly performs its disclosure obligations regarding corporate governance standards and complies with the principles of Corporate Social Responsibility.

The MLP GROUP S.A. Group actively engages in charitable activities. Its activities include volunteering projects. In addition, the Group participates in the Szlachetna Paczka project, provides support to the Poland Business Run Foundation and Run4Kids, and takes part in various charitable events. The Company does not have a dedicated policy specifically addressing this area of its activities.

7. **RECOMMENDATIONS FOR THE ANNUAL GENERAL MEETING OF MLP GROUP S.A.**

Upon assessing the separate financial statements of MLP GROUP S.A. for 2023, the consolidated financial statements of the MLP GROUP S.A. Group for 2023, and the Directors' Report on the operations of MLP GROUP

S.A. and the MLP GROUP S.A. Group for 2023, the Supervisory Board has concluded that the information presented in these documents is accurate and consistent with the accounting records and documents, and the content of these documents is internally consistent.

Based on this assessment, the Supervisory Board of MLP GROUP S.A. recommends that the Annual General Meeting of MLP GROUP S.A. approve the following:

- the financial statements of MLP GROUP S.A. for 2023,
- the consolidated financial statements of the MLP GROUP S.A. Group for 2023,
- the Directors' Report on the operations of the MLP GROUP S.A. Group and MLP GROUP S.A. for 2023,
- the proposed allocation of the entire net profit earned in 2023 to retained earnings.

Additionally, the Supervisory Board of MLP GROUP S.A. recommends that the Annual General Meeting of MLP GROUP S.A. grant discharge from liability to the following members of the Management Board of MLP GROUP S.A. for the financial year 2023:

1. Radosław T. Krochta, for his activities as President of the Management Board of MLP GROUP S.A. in the financial year 2023,
2. Michael Shapiro, for his activities Vice President of the Management Board of MLP GROUP S.A. in the financial year 2023,
3. Tomasz Zabost, for his activities as Member of the Management Board of MLP GROUP S.A. in the financial year 2023,
4. Monika Dobosz, for her activities as Member of the Management Board of MLP GROUP S.A. in the financial year 2023,
5. Agnieszka Gózdź, for her activities as Member of the Management Board of MLP GROUP S.A. in the financial year 2023.

Signatures of the Supervisory Board Members:

1. *Shimshon Marfogel – Chair of the Supervisory Board* _____
2. *Eytan Levy – Deputy Chair of the Supervisory Board* _____
3. *Oded Setter – Member of the Supervisory Board* _____
4. *Guy Shapira – Member of the Supervisory Board* _____
5. *Maciej Matusiak – Member of the Supervisory Board* _____
6. *Piotr Chajderowski – Member of the Supervisory Board* _____