



**MLP**  
GROUP



**MLP Group S.A. Group**  
**Consolidated**  
**Annual Report**  
**for the year ended December 31st 2021**

This document is a translation. Polish version prevails.

*published pursuant to Par. 60.1.1 of 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)*

[www.mlpgroup.com](http://www.mlpgroup.com)

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## I. Letter from CEO to Shareholders

*Dear Shareholders,*

MLP Group had a very successful year. We delivered excellent results, both from an operational and financial point of view. I am pleased to present you with the annual report, in which we describe the work done, our business achievements and development plans. We are proud that the results for 2021 exceeded market expectations.



### **Financial highlights:**

- Net profit amounted to PLN 480.5 million (EUR 105 million), + 182% yoy
- Value of investment properties increased to PLN 3.4 billion (EUR 752 million), + 46% yoy
- Lease agreements in 2021 for app 310 thousand sqm, + 50% yoy
- NAV per share PLN 85.36 (EUR 18.56), + 40% yoy
- FFO amounted to PLN 54.7 million (EUR 12.0 million), + 17% yoy
- Dynamic development on the Polish, German, Austrian and Romanian markets as well as planned entry to the Benelux and Hungary
- Strong land bank secured for new projects
- Operational stability achieved through mitigation of interest rate, inflation and currency risks

### **MLP Group – key developments in 2021**

2021 was a very successful year across all markets in where we operate.

In 2021, MLP Group was developing projects for a total of over 310 thousand sqm, with a further 210 thousand sqm under construction or in the pipeline. Last year, nearly 310 thousand sqm of warehouse space was leased, which is about 50% more than in the previous year. Additionally, in the first months of 2022, we noticed strong tenant's activity across all our markets. At the end of December 2021, MLP Group had nearly 1 million sqm of warehouse space. The vacancy rate at existing properties remained very low, below 3%. The Covid-19 pandemic has not affected MLP Group's business.

In 2021, MLPG acquired several new plots, among others in Vienna, Schalke (Gelsenkirchen), Zgorzelec, Wrocław, Idstein (Frankfurt) and additional plots in Pruszków, Poznań and Łódź.

MLPG currently operates 20 logistics parks in Poland and abroad. In addition, in 2021 MLP Group concluded several reservation agreements for new plots for further logistics parks in Poland and Western Europe. Based on the current land banks and reserved plots, MLP Group secured development potential for another 1 million sqm, with the area of the secured land of approximately 150 ha.



### Financial standing of MLP Group

Considering the current geopolitical situation and high volatility in the economy, we are very well prepared for the current challenges.

- All lease contracts are indexed to European inflation rates. Thus, an increase in inflation causes an automatic increase in revenues.
  - All rentals are denominated in EUR or are directly expressed in EUR, which significantly reduces our exposure to the currency risk.
  - Almost 100% of loans are hedged with IRS for the next 5 years, resulting in limited interest rates' exposure.
  - The geographical diversification of our business across several countries, combined with the diverse tenant base and the average lease term of more than 8 years, provides significant operational stability.
  - Diversification of energy sources and implementation of solutions having a positive impact on the protection of the natural environment.
  - The greatest value is the potential of the secured plots, which enables rapid development in the coming years on European markets, and thus the achievement of the assumed strategic goals
- 
- Strong cash flow position
    - LTV at 36.9%, the highest interest coverage ratio at 3.3 x ICR
    - Long debt maturity ratio of 4.7 years
    - FFO amounted to PLN 54.7 million (EUR 12.0 million), + 17% yoy

MLP Group has a very good financial standing, a safe capital structure enabling the implementation of long-term strategic goals, its own land bank located in attractive locations and highly qualified management staff.

### **MLP Group plans for 2022**

This year, we assume a further, very dynamic increase in the scale of our business. The key in this respect is to have a land bank secured for the new investments and to minimise the operational risk

Our strategic goal is to constantly expand the warehouse portfolio. We will continue to develop rapidly, above all in Germany, where we are systematically increasing our portfolio of projects. We plan to enter new key locations, but also to expand our offer in the Ruhr area. We also plan to strengthen our position on the Austrian market. Additionally, we will soon be present in the Benelux countries and Hungary. The Polish market is still very important for us, and we will consistently increase our offer in key logistics regions. In 2022, capital expenditure (CAPEX) will amount to approximately EUR 200 million, of which approximately 30% will be allocated to plots' purchases. We plan to lease 250 thousand sqm of the new warehouse space.

We pursue our strategic goal by building big box buildings, primarily in response to the development of electronic commerce (e-commerce). In this way, MLP Group also meets the current needs of tenants from the light industry sector where growing demand for area is driven by onshoring of production from Asia to Europe. We also prepare Urban / City Logistics facilities, i.e. small modules offering modern warehouse space along with a representative office with a high standard of finishing.

The Group's activities are particularly focused on environmental protection and achieving zero CO<sub>2</sub> emissions by 2024. As part of the existing and emerging facilities, a project to build photovoltaic farms on the roofs of logistics parks is being implemented, which should allow us to generate between 12 to 14 GWh of green energy in 2024.

We want 80% of our projects to obtain BREEAM certificate at the Excellent or Very Good level, and DGNB Gold or Platinum certificate on the German and Austrian market.

### **Macroeconomic situation 2022**

We do not know how the Russia's invasion of Ukraine will translate into the economic situation. Both the conflict and the sanctions will have a strong negative impact on the global economic recovery during the ongoing COVID-19 recession. The war in Ukraine poses a challenge to the world economy that is damaging to economic growth and cutting pressure on inflation, which is already at high levels. The most likely scenario is a decline in economic growth in Europe and an increase in inflation caused by further problems with the supply chain, an increase in energy prices will have a negative impact on the economy of the European Union. **On the other hand, expectations for significant rate hikes this year have fallen since the beginning of the Russian-Ukrainian conflict, which shall translate into a positive valuation of assets in the medium term.**

We would like to thank all our shareholders for their unwavering support and trust. We will make every effort to effectively and consistently implement our strategy, achieve the best financial results and constantly increase the value of the MLP Group S.A.

### **Radosław T. Krochta**

President & CEO of MLP Group



## II. Statement of the Management Board

The consolidated financial statements of the MLP Group S.A. Group ("the Group") for the period from 1 January 2021 to 31 December 2021 and the comparative data for the period from 1 January 2020 to 31 December 2020 have been prepared in compliance with the applicable accounting policies described in Note 3 and present a true, accurate and fair view of the Group's assets, financial condition and financial results. The Management Board's Report on the activities of the MLP Group S.A. Group presents a true view of the development, achievements and condition of the Group, including a description of key threats and risks.

We also represent that the entity qualified to audit the financial statements that audited the consolidated financial statements of the Group for the 12 months ended 31 December 2021, i.e. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp.k., was appointed in accordance with the law. The entity and the statutory auditor who performed the audit satisfied the conditions to issue an unbiased and independent opinion on the audit, in compliance with the applicable laws and professional standards.

*Signed with qualified electronic signature.*

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**Radosław T. Krochta**

*President of the Management Board*

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**Michael Shapiro**

*Vice President of the Management Board*

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**Tomasz Zabost**

*Member of the Management Board*

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**Maria Ratajczyk**

*Signature of the person preparing the financial statements*

*Pruszków, 16 March 2022*

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

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

	31 December 2021	31 December 2020
Average mid exchange rate during the reporting period*	4.5775	4.4742
Mid exchange rate on the last day of the reporting period	4.5994	4.6148

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

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

as at 31 December	2021		2020	
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	3,457,071	751,635	2,392,123	518,359
Current assets	328,483	71,419	290,769	63,008
<b>Total assets</b>	<b>3,785,554</b>	<b>823,054</b>	<b>2,682,892</b>	<b>581,367</b>
Non-current liabilities	1,722,350	374,473	1,374,714	297,892
Current liabilities	238,683	51,894	96,446	20,899
Equity, including:	1,824,521	396,687	1,211,732	262,576
Share capital	5,344	1,162	4,931	1,069
<b>Total equity and liabilities</b>	<b>3,785,554</b>	<b>823,054</b>	<b>2,682,892</b>	<b>581,367</b>
Number of shares	21,373,639	21,373,639	19,720,255	19,720,255
Book value per share and diluted book value per share attributable to owners of the parent (PLN)	85.36	18.56	61.45	13.32

The data in the consolidated statement of financial position was translated at the mid exchange rate quoted by the National Bank of Poland for the last day of the reporting period.

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

<i>for the year ended 31 December</i>	2021		2020	
	PLN '000	EUR '000	PLN '000	EUR '000
Revenue	200,588	43,820	190,695	42,621
Other income	2,460	537	2,967	663
Gain on revaluation of investment property	540,323	118,039	213,325	47,679
Distribution costs and administrative expenses	(108,331)	(23,666)	(108,142)	(24,170)
Operating profit	632,254	138,122	297,839	66,568
Profit before tax	599,455	130,957	210,107	46,960
<b>Net profit</b>	<b>480,470</b>	<b>104,963</b>	<b>170,369</b>	<b>38,078</b>
Total comprehensive income	489,204	106,871	167,028	37,331
Net profit attributable to owners of the parent	480,470	104,963	170,369	38,078
Earnings per share and diluted earnings per share attributable to owners of the Parent (PLN)	23.23	5.07	9.35	2.09

The data in the consolidated statement of profit or loss and other comprehensive income was translated at the average euro exchange rate calculated as the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period.

Key items of the consolidated statement of cash flows converted into the euro:

<i>for the year ended 31 December</i>	2021		2020	
	PLN '000	EUR '000	PLN '000	EUR '000
Net cash from operating activities	164,742	35,990	92,737	20,727
Cash from investing activities	(569,827)	(124,484)	(393,408)	(87,928)
Cash from financing activities	421,477	92,076	354,950	79,333
<b>Total cash flows, net of exchange differences</b>	<b>16,392</b>	<b>3,582</b>	<b>54,279</b>	<b>12,132</b>
<b>Total cash flows</b>	<b>14,225</b>	<b>3,108</b>	<b>60,963</b>	<b>13,625</b>

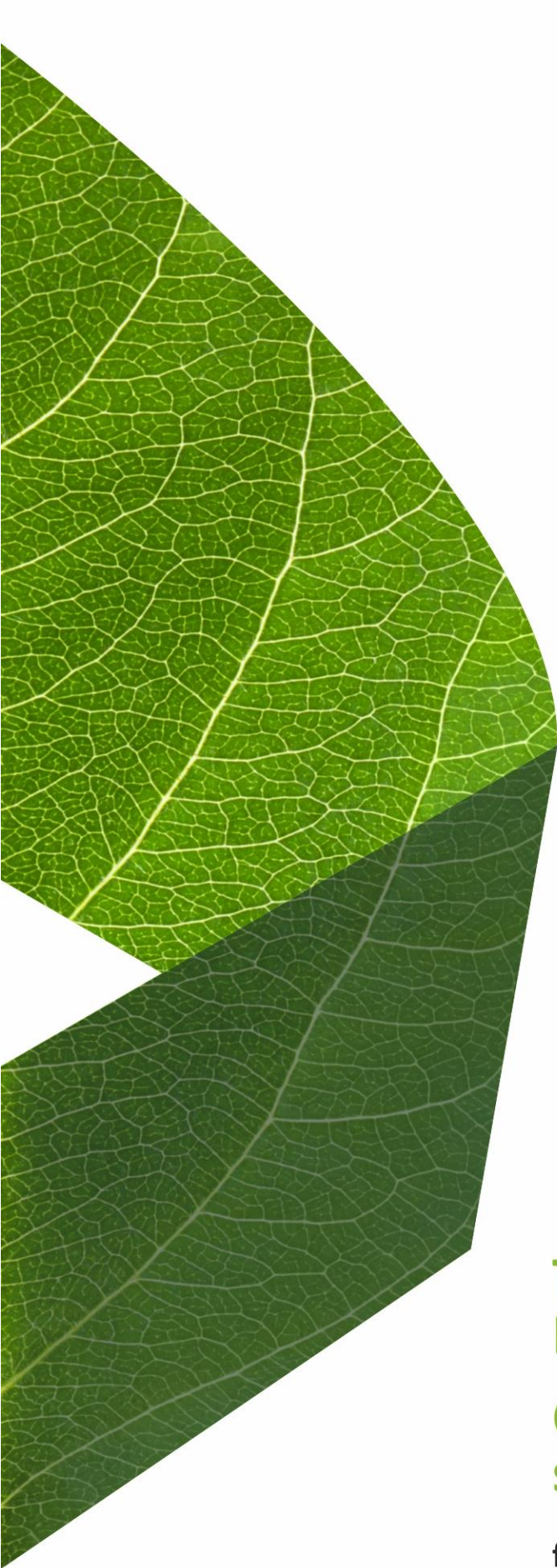
The data in the consolidated statement of cash flows was translated at the average euro exchange rate calculated as the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period.

<i>as at 31 December</i>	2021		2020	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash at beginning of period	163,009	35,323	102,046	23,963
Cash at end of period	177,234	38,534	163,009	35,323

The following exchange rates were used to translate the presented data from the consolidated statement of cash flows:

- Item Cash at end of period – the mid exchange rate quoted by the National Bank of Poland (NBP) for the last day in the reporting period
- Item Cash at beginning of period – the mid exchange rate quoted by the National Bank of Poland (NBP) for the last day of the period preceding the reporting period

The EUR/PLN exchange rate on the last day of the reporting period ended 31 December 2019 was 4.2585.



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

**Consolidated financial  
statements**

**for the year ended December 31st 2021**  
*prepared in accordance with EU IFRS*

## IV. Consolidated financial statements of the MLP Group S.A. Group for the year ended 31 December 2021

### Authorisation of the consolidated financial statements for issue

On 16 March 2022, the Management Board of the Parent, i.e. MLP Group S.A., authorised for issue the consolidated financial statements (the "Consolidated Financial Statements") of the MLP Group S.A. Group (the "Group") for the period from 1 January 2021 to 31 December 2021.

The Consolidated Financial Statements for the period from 1 January 2021 to 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as approved by the European Union ("EU IFRS"). In this report, information is presented in the following sequence:

1. Consolidated statement of profit or loss and other comprehensive income for the period from 1 January to 31 December 2021, showing a net profit of PLN 480,470 thousand.
2. Consolidated statement of financial position as at 31 December 2021, showing total assets and total equity and liabilities of PLN 3,785,554 thousand.
3. Consolidated statement of cash flows for the period from 1 January to 31 December 2021, showing a net increase in cash of PLN 14,225 thousand.
4. Statement of changes in consolidated equity for the period from 1 January to 31 December 2021, showing an increase in consolidated equity of PLN 612,789 thousand.
5. Notes to the Consolidated Financial Statements.

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

*Signed with qualified electronic signature.*

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**Radosław T. Krochta**

*President of the Management Board*

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**Michael Shapiro**

*Vice President of the Management Board*

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**Tomasz Zabost**

*Member of the Management Board*

## Consolidated statement of profit or loss and other comprehensive income

<i>for the year ended 31 December</i>	Note	2021	2020
Revenue	6	200,588	190,695
Other income	7	2,460	2,967
Gain on revaluation of investment property	12	540,323	213,325
Distribution costs and administrative expenses	9	(108,331)	(108,142)
Other expenses	8	(2,786)	(1,006)
<b>Operating profit</b>		<b>632,254</b>	<b>297,839</b>
Finance income	10	3,120	1,808
Finance costs	10	(35,919)	(89,540)
<b>Net finance costs</b>		<b>(32,799)</b>	<b>(87,732)</b>
<b>Profit before tax</b>		<b>599,455</b>	<b>210,107</b>
Income tax	11	(118,985)	(39,738)
<b>Profit from continuing operations</b>		<b>480,470</b>	<b>170,369</b>
<b>Profit from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Net profit</b>		<b>480,470</b>	<b>170,369</b>
<b>Net profit attributable to:</b>			
<b>Owners of the Parent</b>		<b>480,470</b>	<b>170,369</b>
Other comprehensive income that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		49	2,695
Effective portion of changes in fair value of cash flow hedges		10,722	(7,452)
Other comprehensive income that will be reclassified to profit or loss, before tax		10,771	(4,757)
Other comprehensive income, gross		10,771	(4,757)
Income tax on other comprehensive income <i>that will be reclassified to profit or loss</i>		(2,037)	1,416
Other comprehensive income, net		8,734	(3,341)
<b>Total comprehensive income</b>		<b>489,204</b>	<b>167,028</b>
<b>Comprehensive income attributable to:</b>			
<b>Owners of the Parent</b>		<b>489,204</b>	<b>167,028</b>

Earnings per ordinary share:

- Basic earnings per share from continuing operations	23.23	9.35
- Basic earnings per share from discontinued operations	0	0
- Earnings per ordinary share	23.23	9.35
Diluted earnings per ordinary share:		
- Diluted earnings per share from continuing operations	23.23	9.35
- Diluted earnings per share from discontinued operations	0	0
Diluted earnings per ordinary share	23.23	9.35



## Consolidated statement of financial position

	<i>as at 31 December</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Non-current assets</b>				
Property, plant and equipment			3,276	1,547
Intangible assets			138	147
Investment property	12		3,394,504	2,330,899
Other long-term financial investments	14		53,887	53,213
Other non-current assets			939	962
Deferred tax assets	13		4,327	5,355
<b>Total non-current assets</b>			<b>3,457,071</b>	<b>2,392,123</b>
<b>Current assets</b>				
Inventories			19	54
Short-term investments	14		71,380	27,958
Income tax receivable	15		2,003	807
Trade and other receivables	15		74,346	82,430
Assets under ongoing construction contracts			0	6,403
Other short-term investments	14		3,501	10,108
Cash and cash equivalents	16		177,234	163,009
<b>Current assets other than held for sale or distribution to owners</b>			<b>328,483</b>	<b>290,769</b>
<b>Total current assets</b>			<b>328,483</b>	<b>290,769</b>
<b>TOTAL ASSETS</b>			<b>3,785,554</b>	<b>2,682,892</b>
<b>Equity</b>				
	18			
Share capital			5,344	4,931
Share premium			304,025	180,853
Cash flow hedge reserve			(4,034)	(12,719)
Translation reserve			726	2,095
Retained earnings, including:			1,518,460	1,036,572
<i>Capital reserve</i>			83,680	83,680
<i>Statutory reserve funds</i>			154,575	154,575
<i>Profit (loss) brought forward</i>			799,735	627,948
<i>Net profit</i>			480,470	170,369
<b>Equity attributable to owners of the parent</b>			<b>1,824,521</b>	<b>1,211,732</b>
<b>Total equity</b>			<b>1,824,521</b>	<b>1,211,732</b>
<b>Non-current liabilities</b>				
Borrowings and other debt instruments	20.1		1,369,873	1,132,478
Deferred tax liability	13		294,180	180,178
Other non-current liabilities	20.1		58,297	62,058
<b>Total non-current liabilities</b>			<b>1,722,350</b>	<b>1,374,714</b>

<b>Current liabilities</b>			
Borrowings and other debt instruments	20.2	121,222	33,985
Other current liabilities	20.2	0	58
Employee benefit obligations	21	5,928	1,799
Income tax payable	22	3,210	3,238
Trade and other payables	22	108,323	57,366
<b>Current liabilities other than held for sale</b>		<b>238,683</b>	<b>96,446</b>
<b>Total current liabilities</b>		<b>238,683</b>	<b>96,446</b>
<b>Total liabilities</b>		<b>1,961,033</b>	<b>1,471,160</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,785,554</b>	<b>2,682,892</b>

## Consolidated statement of cash flows

<i>for the year ended 31 December</i>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>599,455</b>	<b>210,107</b>
<i>Total adjustments:</i>		(427,497)	(113,519)
Depreciation and amortisation		152	695
Change in fair value of investment properties		(540,323)	(213,325)
Net interest		30,439	23,614
Exchange differences		(1,020)	66,781
Other		(248)	(90)
Change in receivables	17.2	23,816	8,275
Change in current and other liabilities	17.3	59,687	531
<b>Cash from operating activities</b>		<b>171,958</b>	<b>96,588</b>
Income tax paid		(7,216)	(3,851)
<b>Net cash from operating activities</b>		<b>164,742</b>	<b>92,737</b>
<b>Cash flows from investing activities</b>			
Interest received		3,347	257
Loans	17.1	0	(4,850)
Repayment of loans	17.1	9,336	246
Purchase of investment property, property, plant and equipment and intangible assets		(533,289)	(352,614)
Sale of investment property, property, plant and equipment and intangible assets		32	0
Sale of investment property, intangible assets and property, plant and equipment		103,381	0
Purchase of other financial assets		(154,600)	(20,000)
Other proceeds from (expenditure on) investments		1,966	(16,447)
<b>Cash from investing activities</b>		<b>(569,827)</b>	<b>(393,408)</b>
<b>Cash flows from financing activities</b>			
Increase in borrowings	17.1	463,086	94,368
Repayment of borrowings	17.1	(224,756)	(23,963)
Net proceeds from issue of shares		123,585	110,134
Issue of debt securities		93,304	196,733
Interest paid		(33,742)	(22,322)
<b>Cash from financing activities</b>		<b>421,477</b>	<b>354,950</b>
<b>Total cash flows, net of exchange differences</b>		<b>16,392</b>	<b>54,279</b>
Effect of exchange differences on cash and cash equivalents		(2,167)	6,684
<b>Total cash flows</b>		<b>14,225</b>	<b>60,963</b>
<b>Cash and cash equivalents at beginning of period</b>	16	<b>163,009</b>	<b>102,046</b>
<b>Cash and cash equivalents at end of period</b>	16	<b>177,234</b>	<b>163,009</b>

## Statement of changes in consolidated equity

	Share capital	Share premium	Cash flow hedge reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent	Total equity
<b>Equity as at 1 January 2021</b>	<b>4,931</b>	<b>180,853</b>	<b>(12,719)</b>	<b>2,095</b>	<b>1,036,572</b>	<b>1,211,732</b>	<b>1,211,732</b>
<b>Comprehensive income:</b>							
Net profit/(loss)	-	-	-	-	480,470	480,470	<b>480,470</b>
Total other comprehensive income	-	-	8,685	(1,369)	1,418	8,734	<b>8,734</b>
<b>Total comprehensive income for the year ended 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>8,685</b>	<b>(1,369)</b>	<b>481,888</b>	<b>489,204</b>	<b>489,204</b>
Increase in equity due to share issue <sup>3)</sup>	413	123,172	-	-	-	123,585	123,585
<b>Changes in equity</b>	<b>413</b>	<b>123,172</b>	<b>8,685</b>	<b>(1,369)</b>	<b>481,888</b>	<b>612,789</b>	<b>612,789</b>
<b>Equity as at 31 December 2021</b>	<b>5,344</b>	<b>304,025</b>	<b>(4,034)</b>	<b>726</b>	<b>1,518,460</b>	<b>1,824,521</b>	<b>1,824,521</b>

	Share capital	Share premium	Cash flow hedge reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent	Total equity
<b>Equity as at 1 January 2020</b>	<b>4,529</b>	<b>71,121</b>	<b>(6,683)</b>	<b>(628)</b>	<b>870,216</b>	<b>938,555</b>	<b>938,555</b>
<b>Comprehensive income:</b>							
Net profit/(loss)	-	-	-	-	170,369	170,369	<b>170,369</b>
Total other comprehensive income	-	-	(6,036)	2,723	(28)	(3,341)	<b>(3,341)</b>
<b>Total comprehensive income for the year ended 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>(6,036)</b>	<b>2,723</b>	<b>170,341</b>	<b>167,028</b>	<b>167,028</b>
Distribution of net profit for 2019 <sup>1)</sup>	-	-	-	-	(3,985)	(3,985)	<b>(3,985)</b>
Increase in equity due to share issue <sup>2)</sup>	402	109,732	-	-	-	110,134	<b>110,134</b>
<b>Changes in equity</b>	<b>402</b>	<b>109,732</b>	<b>(6,036)</b>	<b>2,723</b>	<b>166,356</b>	<b>273,177</b>	<b>273,177</b>
<b>Equity as at 31 December 2020</b>	<b>4,931</b>	<b>180,853</b>	<b>(12,719)</b>	<b>2,095</b>	<b>1,036,572</b>	<b>1,211,732</b>	<b>1,211,732</b>

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

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

<sup>3)</sup> On 5 May 2021, the Company increased its share capital by PLN 413,346 through the issue of new Series E shares. The District Court for the Capital City of Warsaw registered the capital increase on 31 May 2021.

## Notes to the Consolidated Financial Statements

### 1. General information

#### 1.1. The Parent

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

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

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

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

#### **Management Board:**

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

#### **Supervisory Board:**

- Shimshon Marfogel – Chairman of the Supervisory Board
- Eytan Levy – Deputy Chairman of the Supervisory Board
- Oded Setter – Member of the Supervisory Board
- Guy Shapira – Member of the Supervisory Board
- Piotr Chajderowski – Member of the Supervisory Board
- Maciej Matusiak – Member of the Supervisory Board

#### 1.2. The Group

As at the reporting date, the MLP Group S.A. Group (the “Group”) consisted of MLP Group S.A., i.e. the Parent, and 50 subsidiaries.

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

The Parent's and its subsidiaries' principal business activities comprise development, purchase and sale of own real estate, lease of own real estate, management of residential and non-residential real estate, general activities involving construction of buildings, and construction.

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

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

Entity	Country of registration	Parent's direct and indirect equity interest		Parent's direct and indirect voting interest	
		December 2021	31 December 2020	31 December 2021	31 December 2020
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
Fenix Obrót Sp. z o.o. <sup>10)</sup>	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Business Park Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Business Park Berlin I LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Czeladź Sp z o.o.	Poland	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West SRL	Romania	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Germany Management GmbH	Germany	100%	100%	100%	100%
MLP Wrocław West Sp. z o.o.	Poland	100%	100%	100%	100%

Entity	Country of registration	Parent's direct and indirect equity interest		Parent's direct and indirect voting interest	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
MLP Business Park Berlin I GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź II sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań East sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal LP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Schwalmtal GP sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków VI sp. z o.o. <sup>1)</sup>	Poland	100%	100%	100%	100%
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Schwalmtal Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100%
MLP Business Park Wien GmbH	Austria	100%	100%	100%	100%
MLP Wrocław West I Sp. z o.o. <sup>2)</sup>	Poland	100%	-	100%	-
MLP Gelsenkirchen GP Sp. z o.o. <sup>3)</sup>	Poland	100%	-	100%	-
MLP Gelsenkirchen LP Sp. z o.o. <sup>4)</sup>	Poland	100%	-	100%	-
MLP Gelsenkirchen Sp. z o.o. & Co. KG <sup>5)</sup>	Germany	100%	-	100%	-
MLP Gorzów Sp. z o.o. <sup>6)</sup>	Poland	100%	-	100%	-
MLP Idstein LP Sp. z o.o. <sup>7)</sup>	Poland	100%	-	100%	-
MLP Idstein GP Sp. z o.o. <sup>8)</sup>	Poland	100%	-	100%	-
MLP Idstein Sp. z o.o. & Co. KG <sup>9)</sup>	Germany	100%	-	100%	-

### 1.3. 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.

The Consolidated Financial Statements for the year ended 31 December 2021 includes financial statements of the Parent and of the subsidiaries controlled by the Parent ("the Group").

## 1.4. Shareholding structure of the Parent

### 1.4.1 Shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company

From the date of issue of the most recent interim report to the reporting date there were changes in direct or indirect holdings of 5% or more of total voting rights in the Company, and as at 31 December 2021 the holdings were:

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

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.

<sup>1)</sup> As part of the issue of Series E shares, 1,001,000 shares were subscribed for by Israel Land Development Company Ltd. Furthermore, Israel Land Development Company Ltd. of Bnei Brak, Israel, in several consecutive transactions on 28 September 2021, 11 October 2021 and 14 October 2021 acquired respectively 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.

<sup>2)</sup> On 13 September 2021 and 7 October 2021 Oded Setter, Member of the Supervisory Board, purchased 270 and 150 of ordinary shares respectively, which together constitute 0.002% of the Company's share capital and entitle to 420 votes, i.e. 0.002% of total voting rights.

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

As at 31 December 2021, Michael Shapiro, Vice President of the Management Board, held 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 was the beneficial owner of 11.98% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro was the beneficial owner of a 14.56% interest in the share capital of MLP Group S.A.

As at 31 December 2021 Shimshon Marfogel, Chairman of the Supervisory Board, was – through a 7.86% interest held in the share capital of a company (Thesinger Limited) holding Issuer shares – the beneficial owner of 0.65% of the share capital of MLP Group S.A., and held directly an 0.70% interest in the share capital of the Company in the form of shares subscribed for in September 2017. Therefore, in aggregate, Mr Marfogel was the beneficial owner of a 1.35% interest in the share capital of MLP Group S.A.

As at 31 December 2021 Oded Setter, Member of the Supervisory Board, held directly, through the purchase of the Company's shares in September and October 2021, a 0.002% interest in the share capital of the Company.

The other members of the Supervisory Board have no direct holdings in the Company's share capital.

## 2. Basis of preparation of the Consolidated Financial Statements

### 2.1. Statement of compliance

The Group has prepared the consolidated financial statements in accordance with the accounting standards issued by the International Accounting Standards Board as endorsed by the European Union, referred to as the International Financial Reporting Standards ("EU IFRS"). The Group applied all Standards and Interpretations which are applicable in the European Union except those which are awaiting approval by the European Union and those Standards and Interpretations which have been approved by the European Union but are not yet effective.

### 2.2. Status of Standards Approval in the European Union

#### 2.2.1 Standards and interpretations endorsed by the European Union which were not yet effective as at the reporting date

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

Standards and interpretations endorsed by the European Union which are not yet effective for annual periods	Potential impact on the separate financial statements	Effective date for periods beginning on or after the date
<b>IFRS 3 Business Combinations</b>	no impact	1 January 2022
<b>Amendments to IAS 16 Property, Plant and Equipment</b>	no significant impact	1 January 2022
<b>Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets</b>	no significant impact	1 January 2022
<b>IFRS 17 Insurance Contracts and amendments to IFRS 17</b>	no impact	1 January 2023
<b>Annual Improvements to International Financial Reporting Standards 2018-2020 Cycle, including:</b>		
IFRS 1 First-time Adoption of International Financial Reporting Standards	no significant impact	1 January 2022
IFRS 9 Financial Instruments		
IAS 41 Agriculture		
examples illustrating IFRS 16 Leases		

#### 2.2.2 Standards and interpretations endorsed by the European Union effective as of 1 January 2021

The following new standards were applied for the first time in the Group's consolidated financial statements for 2021:

Standards and interpretations endorsed by the European Union	Potential impact on the Consolidated financial statements	Effective date for periods beginning on or after the date
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<b>Amendments to IFRS 16 Leases</b>	no significant impact	1 June 2020
<b>Amendments to IFRS 9, IAS 39 and IFRS 7 related to IBOR reform</b>	no significant impact	1 January 2021
<b>Amendment to IFRS 4: Application of IFRS 9 Financial Instruments</b>	no impact	1 January 2021

### 2.2.3. Standards and Interpretations pending approval by the European Union

<b>Standards and interpretations pending approval by the European Union</b>	<b>Potential impact on the Consolidated financial statements</b>	<b>Effective date for periods beginning on or after the date</b>
<b>Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture</b>	no impact	by decision of the European Union, implementation is postponed
<b>IFRS 14 Regulatory Deferral Accounts</b>	no impact	by decision of the European Union, the standard will not be implemented
<b>Amendment to IFRS 4: Application of IFRS 9 Financial Instruments</b>	no significant impact	by decision of the European Union, implementation is postponed until 2021
<b>Amendments to IAS 1 Presentation of Financial Statements</b>	no significant impact	1 January 2023
<b>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors</b>	no significant impact	1 January 2023
<b>Amendment to IAS 1 Presentation of Financial Statements and the IASB Practice Statement on Disclosure of Accounting Policies</b>	no significant impact	1 January 2023
<b>Amendments to IAS 12 Income Taxes</b>	no significant impact	1 January 2023
<b>IFRS 17 Insurance Contracts</b>	no impact	1 January 2023

## 2.3. Basis of preparation of the Consolidated Financial Statements

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future and in conviction that there are no circumstances which would indicate a threat to the Group's continuing as a going concern.

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

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

For information on fair value measurement methods, see Note 3.

## 2.4. Functional currency and presentation currency of the financial statements; rules applied to translate financial data

### 2.4.1 Functional currency and presentation currency

In these consolidated financial statements all amounts are presented in the Polish złoty (PLN), rounded to the nearest thousand. The Polish złoty is the functional currency of the Parent and the presentation currency of the consolidated financial statements. The functional currencies of consolidated foreign entities are the euro (Germany and Austria) and the Romanian leu (Romania).

### 2.4.2 Rules applied to translate financial data

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

#### Consolidated statement of financial position:

	31 December 2021	31 December 2020
EUR	4.5994	4.6148
USD	4.0600	3.7584
RON	0.9293	0.9479

## 2.5. Use of estimates and judgements

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

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

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

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

## 3. Significant accounting policies

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

### 3.1. Basis of consolidation

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

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

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

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

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

## **3.2. Foreign currencies**

### *Foreign currency transactions*

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

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

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

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

## **3.3. Financial instruments**

### **3.3.1 Derivative financial instruments, including hedge accounting**

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

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

If the Group applies cash flow hedge accounting then:

- the portion of the gain or loss on the hedging instrument that is designated to be an effective hedge of the hedged risk is recognised in other comprehensive income;

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

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

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

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

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

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

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

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

### **3.3.3 Financial assets measured at amortised cost**

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

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

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

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

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

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

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

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

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

### **3.3.4 Financial assets at fair value through profit or loss**

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

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

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

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

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

## **3.4. Equity**

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

### **3.4.1 Share capital**

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

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

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

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

### **3.4.2 Statutory reserve funds**

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

### **3.4.3 Share premium**

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

### **3.4.4 Cash flow hedge reserve**

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

### **3.4.5 Capital reserve**

Reserve capital comprises retained earnings from prior years.

### **3.4.6 Profit (loss) brought forward**

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

## **3.5. Property, plant and equipment**

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

### **3.5.1 Measurement of property, plant and equipment**

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

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

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

### **3.5.2 Subsequent expenditure**

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

### **3.5.3 Depreciation**

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

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

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

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



### 3.6. Intangible assets

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

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

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

### 3.7. Investment property

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

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

Investment property is depreciated for tax purposes.

#### *Recognition of right-of-use assets*

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

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

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

### 3.8. Investment property under construction

Investment property under construction is recognised as investment property.

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

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

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

### 3.9. Leased assets - the Group as the lessee

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

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

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

### **3.10. Impairment of assets**

#### **3.10.1 Financial assets**

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

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

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

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

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

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

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

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

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

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

### **3.10.2 Non-financial assets**

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

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

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

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

### **3.11. Employee benefits**

#### *Defined benefit plans*

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

### **3.12. Assets under ongoing construction contracts**

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

### **3.13. Trade and other receivables**

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

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

To determine the overall default rate, an analysis of collectability of receivables for the last five years is carried out. Default rates are calculated for the following periods: not past due, past due up to 1 month; past due from 1 month

to 3 months, past due from 3 months to 6 months, past due from 6 months to 1 year; past due more than 1 year. To determine the default rate for a given period, the amount of written off trade receivables is compared with the amount of outstanding receivables.

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

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

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

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

### **3.14. Cash and cash equivalents**

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

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

### **3.15. Provisions**

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

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

### **3.16. Borrowings**

Initially, bank and non-bank borrowings are recognised at cost equal to the fair value of the instrument. In subsequent periods, borrowings are measured at amortised cost, using the effective interest rate method, which includes the cost of obtaining the borrowing as well as discounts or premiums obtained in settlement of liabilities.

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

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

### **3.17. Trade and other payables**

A liability is a present obligation of the Group to transfer an economic resource as a result of past events.

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

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

Non-financial liabilities are measured at amounts receivable.

### **3.18. Revenue**

### **3.18.1 Provision of construction services**

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

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

### **3.18.2 Rental income**

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

## **3.19. Lease payments**

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

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

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

## **3.20. Finance income and costs**

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

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

### 3.21. Income tax

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

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

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

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

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

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

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

### 3.22. Earnings per share

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

### 3.23. Segment reporting

An operating segment is a separate part of the Group which is engaged in providing certain products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is exposed to other risks and derives other benefits than the other segments. The primary and sole business activity of the Group is construction and management of logistics space. The Group's revenue is derived from renting of own property and from property revaluation. The Group conducts operations in Poland, Germany, Romania and Austria.

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

## 4. Financial risk management

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

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

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

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

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

#### **4.1. Credit risk**

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

##### **4.1.1 Trade and other receivables**

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

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

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

##### **4.1.2 Loans**

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

#### **4.2. Liquidity risk**

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

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

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

#### **4.3. Market risk**

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

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

##### **4.3.1 Currency risk**

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

The Group contracts bank borrowings denominated in the euro, while construction works are invoiced in the złoty. Therefore, in the period between the launch of a credit line and its full utilisation, the Group is exposed to the risk of appreciation of the Polish currency against the euro. A significant change in the relative strength the złoty against

the euro means that the credit lines provided by the bank at start of project execution may prove insufficient to finance the total cost of construction of a logistics park.

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

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

#### **4.3.2 Interest rate risk**

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

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

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

### **4.4. Capital management**

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

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

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

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

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

## **5. Segment reporting**

The primary and sole business activity of the Group is construction and management of logistics space. The Group's revenue is derived from renting of own property and from property revaluation.

The Group operates in Poland, and abroad: since April 2017 in Germany, since October 2017 in Romania, and since October 2020 in Austria. Locations of the Group's assets coincide with the location of its customers. Operating segments are the same as the Group's geographical segments.

As at 31 December 2021 and in the reporting period then ended the Group had four geographical segments - Poland, Germany, Romania and Austria.



**Operating segments:**

<i>for the year ended 31 December</i>	<b>2021</b>					<b>Total</b>
	<b>Poland</b>	<b>Germany</b>	<b>Romania</b>	<b>Austria</b>	<b>Intersegment eliminations</b>	
<b>Revenue</b>						
Sales to external customers	195,391	3,186	4,630	252	(2,871)	200,588
Gain/(loss) on revaluation of investment property	410,613	99,147	(7,528)	34,041	4,050	540,323
<b>Total segment revenue</b>	<b>606,004</b>	<b>102,333</b>	<b>(2,898)</b>	<b>34,293</b>	<b>1,179</b>	<b>740,911</b>
Segment's operating profit/(loss)	505,501	97,256	(5,467)	33,809	1,481	632,580
Segment's other income/(expense)	(618)	303	(11)	-	-	(326)
<b>Profit/(loss) before tax and net finance costs</b>	<b>504,883</b>	<b>97,559</b>	<b>(5,478)</b>	<b>33,809</b>	<b>1,481</b>	<b>632,254</b>
Net finance income/(costs)	(22,837)	(4,708)	(1,174)	(2,599)	(1,481)	(32,799)
<b>Profit/(loss) before tax</b>	<b>482,046</b>	<b>92,851</b>	<b>(6,652)</b>	<b>31,210</b>	<b>-</b>	<b>599,455</b>
Income tax	(91,364)	(20,029)	920	(8,512)	-	(118,985)
<b>Net profit/(loss)</b>	<b>390,682</b>	<b>72,822</b>	<b>(5,732)</b>	<b>22,698</b>	<b>-</b>	<b>480,470</b>

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

<i>as at 31 December</i>	<b>2021</b>					<b>Total</b>
	<b>Poland</b>	<b>Germany</b>	<b>Romania</b>	<b>Austria</b>	<b>Intersegment eliminations</b>	
<b>Assets and liabilities</b>						
Segment's assets	3,489,672	494,034	72,478	103,458	(374,088)	3,785,554
<b>Total assets</b>	<b>3,489,672</b>	<b>494,034</b>	<b>72,478</b>	<b>103,458</b>	<b>(374,088)</b>	<b>3,785,554</b>
Segment's liabilities	1,816,854	369,773	67,566	80,731	(373,891)	1,961,033
Equity	1,672,818	124,261	4,912	22,727	(197)	1,824,521
<b>Total equity and liabilities</b>	<b>3,489,672</b>	<b>494,034</b>	<b>72,478</b>	<b>103,458</b>	<b>(374,088)</b>	<b>3,785,554</b>
<b>Expenditure on properties</b>	<b>243,445</b>	<b>213,867</b>	<b>4,284</b>	<b>62,917</b>	<b>-</b>	<b>524,513</b>

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

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

## 6. Revenue

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Rental income	154,403	137,715
Other revenue	44,305	35,238
Revenue from development contract concluded by MLP Group S.A. <sup>1)</sup>	1,880	17,742
<b>Total revenue</b>	<b>200,588</b>	<b>190,695</b>

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Recharge of utility costs	41,632	33,581
Rental income from residential units	77	72
Services provided to tenants	1,838	1,331
Other revenue	758	254
<b>Other revenue</b>	<b>44,305</b>	<b>35,238</b>

<sup>1)</sup> MLP Group S.A. signed a property development contract with Westinvest Gesellschaft für Investment fonds mbH, under which in 2020–2021 a warehouse was constructed on third-party land in Tychy. In 2020, the Group recognised revenue from the contract of PLN 17,742 thousand, calculated based on the percentage of completion of the work. In 2021, the Group recognised the balance of the revenue in the amount of PLN 1,880 thousand.

In accordance with the type of contract criterion (IFRS 15), revenue derived from the development contract in 2020 and 2021 is revenue from fixed-price contracts, of PLN 17,742 thousand and PLN 1,880 thousand, respectively. The asset as at 31 December 2020 was recognised in the Polish segment and was accounted for in 2021.

## 7. Other income

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Reimbursement of court fees	87	8
Reversal of impairment losses on receivables	5	26
Contractual penalties received	504	1,650
Other	1,241	1,247
Gain on disposal of non-financial non-current assets	23	9
Reversal of provision for future costs	600	27
<b>Other income</b>	<b>2,460</b>	<b>2,967</b>

## 8. Other expenses

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Impairment losses on receivables	-	(56)
Court fees	(23)	(240)
Costs of donations	(18)	(12)
Costs of insurance policies	(807)	(21)
Other	(1,415)	(156)
Cost of capital expenditure	(3)	(256)
Damages and contractual penalties	(520)	(265)
<b>Other expenses</b>	<b>(2,786)</b>	<b>(1,006)</b>

## 9. Distribution costs and administrative expenses

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Depreciation and amortisation	(152)	(695)
Materials and consumables used	(38,241)	(31,588)
Services	(32,161)	(47,368)
Taxes and charges	(24,415)	(19,318)
Wages and salaries	(11,026)	(5,892)
Social security and other employee benefits	(1,033)	(752)
Other expenses by nature	(1,303)	(1,062)
Merchandise and materials sold	-	(1,467)
<b>Distribution costs and administrative expenses</b>	<b>(108,331)</b>	<b>(108,142)</b>

Distribution costs and administrative expenses for the period ended 31 December 2021 were 108,331 thousand and for the most part include expenses related to the maintenance of revenue-generating investment properties. Costs which are not directly related to these properties are depreciation expense on property, plant and equipment which are used in operating activities but do not generate rental income, and property tax in the part relating to undeveloped land.

The cost of raw materials and consumables used in 2020 and 2021 included cost of electricity, gas and related certificates, and amounted to PLN 26,494 thousand and PLN 30,128 thousand, respectively.

Cost of services in both periods included costs of the development project carried out at MLP Group S.A. of PLN 12,821 thousand in 2020 and PLN 1,529 thousand in 2021.

## 10. Finance income and costs

<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Interest on loans	246	548
Interest on bank deposits	-	17
Sale of receivables	-	1,237
Net exchange differences	2,246	-
Interest on receivables	36	6
Revenue from investment fund units	555	-
Other finance income	37	-
<b>Total finance income</b>	<b>3,120</b>	<b>1,808</b>

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Interest on borrowings		(14,544)	(13,300)
Other interest		(84)	(583)
Interest paid on swap contracts		(7,889)	(3,509)
Net interest on cash flow hedge		42	(42)
Ineffective portion of remeasurement of cash flow hedges		-	16
Net exchange differences		-	(63,387)
Interest on bonds		(8,849)	(7,327)
Other finance costs		(702)	(412)
Debt service costs		(3,893)	(996)
<b>Total finance costs</b>		<b>(35,919)</b>	<b>(89,540)</b>

On 30 April 2021, 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. entered into variable-to-fixed interest rate swap contracts with Powszechna Kasa Oszczędności Bank Polski S.A. and BNP Paribas Bank Polska S.A.

On 31 August 2021 and 2 December 2021, MLP Pruszków II Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with Bank Polska Kasa Opieki S.A.

With these contractual arrangements in place, future interest payments on variable-rate credit facilities will be effectively exchanged for interest payments calculated according to schedules defined in the swap contracts.

Exchange differences are mainly attributable to the effect of measurement of liabilities under EUR-denominated borrowings at the end of the reporting period. In the period from 31 December 2020 to 31 December 2021, the Polish currency depreciated by PLN 0.0154, or 0.33%. This led to the recognition of foreign exchange gains of PLN 2,246 thousand, which contributed to the Group's net finance income/(costs).

## 11. Income tax

In accordance with Polish laws, in 2021 and 2020, consolidated entities calculated their corporate income tax liabilities at 9% or 19% of taxable income. The lower tax rate was applicable to small taxpayers.

In 2021 and 2020, the following tax rates were applied by the Group's foreign operations to calculate current income tax liabilities: in Germany: 15.825%, in Romania: 16%, and in Austria: 25%.

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Current income tax		6,022	6,833
Temporary differences/reversal of temporary differences		112,963	32,905
<b>Income tax</b>		<b>118,985</b>	<b>39,738</b>

### *Effective tax rate*

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Profit before tax</b>		<b>599,455</b>	<b>210,107</b>
<i>Tax at the applicable tax rate (19%)</i>		<i>(113,896)</i>	<i>(39,920)</i>
Excess of commercial property tax over income tax		-	(28)
Difference due to different rate of tax paid by the Austrian company		170	-
Difference due to 9% rate of tax rate paid by companies qualifying as small taxpayers		1,734	(222)
Non-taxable income		48	302
Difference due to different rates of tax paid by the German and Romanian companies		(872)	1,811

Unrecognised asset for tax loss	(5,327)	(968)
Write off of unused deferred tax asset for tax loss	(111)	(297)
Use of tax previously written off	-	201
Expenses not deductible for tax purposes	(731)	(617)
<b>Income tax</b>	<b>(118,985)</b>	<b>(39,738)</b>

Tax laws relating to value added tax, corporate and personal income tax, and social security contributions are frequently amended. Therefore, it is often the case that no reference can be made to established regulations or legal precedents. The laws tend to be unclear, thus leading to differences in opinions as to legal interpretation of fiscal regulations, both between different state authorities and between state authorities and businesses. Tax and other settlements (customs duties or foreign exchange settlements) may be inspected by authorities empowered to impose significant penalties, and any additional amounts assessed following an inspection must be paid with interest. Consequently, tax risk in Poland is higher than in countries with more mature tax systems.

Tax settlements may be subject to inspection over a period of five years following the end of the following tax year. As a result, the amounts disclosed in the financial statements may change at a later date, once their final amount is determined by the tax authorities.

## 12. Investment property

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Gross amount at beginning of period</b>		2,330,899	1,809,850
Expenditure on properties		524,513	298,657
Currency translation differences		(1,231)	9,067
Change in fair value		540,323	213,325
<b>Gross amount at end of period</b>		<b>3,394,504</b>	<b>2,330,899</b>

Investment property includes warehouses and land for development. Rental income from lease of warehouse space is the key source of the Group's revenue. Investment property as at 31 December 2021 included a perpetual usufruct asset measured at PLN 42,915 thousand.

In the period from 31 December 2020 to 31 December 2021, the value of investment property increased by EUR 231,647.5 thousand, to EUR 728,705.1 thousand. The change was mainly attributable to the expenditure on the construction work at new parks, execution of new contracts for lease of space in the new facilities, and obtaining a building permit for new facilities. The depreciation of the Polish currency by PLN 0.0154 (0.33%) contributed to a change in the value of investment property as translated from the euro into the zloty, and a PLN 7,654.7 thousand reduction in the property's fair value as at 31 December 2021.

The Group is a party to litigation concerning revision of the perpetual usufruct charge for some of the land of MLP Pruszków II logistics park and the land of MLP Business Park Poznań logistics park acquired in 2020. As at the date of issue of this report, the Management Board of MLP Group S.A. was not able to estimate the amount of the charge. The amount determined by the court may affect the carrying amount of investment property and finance lease liabilities.

### Investment property by parks

Investment property by parks		
<i>as at 31 December</i>		
	2021	2020
<b>MLP Pruszków I park</b>		
Fair value of property - MLP Pruszków I	436,529	425,531
Usufruct - MLP Pruszków I	17,259	17,517
	<b>453,788</b>	<b>443,048</b>
<b>MLP Pruszków II park</b>		
Fair value of property - MLP Pruszków II	842,610	671,361
Usufruct - MLP Pruszków II	13,107	6,813
	<b>855,717</b>	<b>678,174</b>
<b>MLP Poznań park</b>		
Fair value of property - MLP Poznań	183,148	159,026
	<b>183,148</b>	<b>159,026</b>
<b>MLP Lublin park</b>		
Fair value of property - MLP Lublin	173,351	159,718
	<b>173,351</b>	<b>159,718</b>
<b>MLP Teresin park</b>		
Fair value of property - MLP Teresin	86,653	78,452
	<b>86,653</b>	<b>78,452</b>
<b>Investment property by parks</b>		
<i>as at 31 December</i>		
	2021	2020
<b>MLP Gliwice park</b>		
Fair value of property - MLP Gliwice	173,673	151,735
	<b>173,673</b>	<b>151,735</b>
<b>MLP Wrocław park</b>		
Fair value of property - MLP Wrocław	169,166	142,967
	<b>169,166</b>	<b>142,967</b>
<b>MLP Czeladź park</b>		
Fair value of property - MLP Czeladź	114,985	88,466
	<b>114,985</b>	<b>88,466</b>
<b>Park MLP Poznań West</b>		
Fair value of property - MLP Poznań West	327,799	101,618
	<b>327,799</b>	<b>101,618</b>
<b>MLP Unna park</b>		
Fair value of property - MLP Unna	238,249	95,526
	<b>238,249</b>	<b>95,526</b>
<b>MLP Bucharest West park</b>		
Fair value of property - MLP Bucharest West	69,986	74,696
	<b>69,986</b>	<b>74,696</b>
<b>Park MLP Łódź</b>		
Fair value of property - MLP Łódź	93,000	14,029
Usufruct - MLP Łódź	181	183
	<b>93,181</b>	<b>14,212</b>
<b>MLP Business Park Poznań</b>		
Fair value of property - MLP Business Park Poznań	49,536	32,719
Usufruct - MLP Business Park Poznań	12,368	12,550
	<b>61,904</b>	<b>45,269</b>
<b>Park MLP Wrocław West</b>		
Fair value of land - MLP Wrocław West	72,487	24,551
Expenditure on property at cost	-	20,635
	<b>72,487</b>	<b>45,186</b>

<b>Park MLP Business Park Berlin</b>		
Fair value of property - MLP Business Park Berlin	123,954	45,917
	<b>123,954</b>	<b>45,917</b>
<b>MLP Business Park Schalke</b>		
Fair value of property - MLP Business Park Schalke	62,552	-
	<b>62,552</b>	-
<b>Park MLP Business Park Vienna</b>		
Fair value of property - MLP Business Park Vienna	103,026	-
	<b>103,026</b>	-
<b>Expenditure on new projects, other than those specified above</b>		
Expenditure at MLP Idstein	30,642	-
Expenditure at MLP Vienna	-	5,926
Expenditure at MLP Niederrhein	-	849
Expenditure at parks in Polish segment	112	-
	<b>30,754</b>	<b>6,775</b>
<b>MLP Energy - residential units</b>		
	<b>131</b>	<b>114</b>
<b>Gross amount at end of period</b>	<b>3,394,504</b>	<b>2,330,899</b>

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

In line with the applied accounting policy, the part of interest expense on borrowings which is attributable to unsettled investment expenditure is capitalised and increases the value of the property.

### 12.1. Fair value measurement of the Group's investment property

The fair value of investment property was calculated based on expert reports issued by independent expert appraisers, with recognised professional qualifications and with experience in investment property valuation (based on inputs that are not directly observable – Level 3).

Property valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Standards. They comply with the International Valuation Standards (IVS) as published by the International Valuation Standards Committee (IVSC).

The income approach was used in the valuation of existing buildings and land with building permits, while in the case of undeveloped land the market approach was applied.

Due to the different locations and characteristics of the Group's investment properties, the yield rates assumed by the appraisers for the individual logistics parks range from 3.6% to 9.25%.

The Group measures the fair value of its property portfolio twice a year, i.e. as at 30 June and 31 December. The experts determined the fair value of the properties located in Poland, including the land reserve, using the market approach, and in the reports the fair value is expressed in the Polish złoty (PLN). The fair value of the other properties is expressed in the euro and is subsequently translated at the mid rates quoted by the National Bank of Poland at the end of the reporting period.

The valuation method did not change relative to previous periods.

In the year ended 31 December 2021, there were no transfers between the levels.

**Fair value measurement using significant unobservable inputs (Level 3)**

	Fair value as at 31 December 2021	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Pruszków I logistics park</b>					
(i) warehouse and office buildings	EUR 94,910 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.57/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4% - 7% (5.50%)	The lower the yield rate, the higher the fair value
<b>EUR 94,910 thousand</b>					
<b>MLP Pruszków II logistics park</b>					
(i) warehouse and office buildings	EUR 164,785 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.41–3.78/m <sup>2</sup> (EUR 3.56/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4% - 7.5% (5.75%)	The lower the yield rate, the higher the fair value
(ii) parking lot	EUR 2,425 thousand	Income approach	Monthly rent	EUR 7.91–11.69 thousand (EUR 9.8 thousand)	The higher the rent, the higher the fair value
			Yield rate	4.5% - 6.5% (5.5%)	The lower the yield rate, the higher the fair value
(iii) land reserve	EUR 6,240 thousand	Market approach	Price per m <sup>2</sup>	EUR 65.88/m <sup>2</sup> (PLN 303/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
(iv) land with building permit	EUR 9,750 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 183,200 thousand</b>					
<b>MLP Poznań logistics park</b>					
(i) warehouse and office buildings	EUR 37,530 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.47–3.49/m <sup>2</sup> (EUR 3.48/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4% - 4.5% (4.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 2,290 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 39,820 thousand</b>					



	Fair value as at 31 December 2021	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Lublin logistics park</b>					
(i) warehouse and office buildings	EUR 37,600 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.85/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4% - 5% (4.5%)	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 90 thousand	Market approach	Price per m <sup>2</sup>	EUR 48.92/m <sup>2</sup> (PLN 225/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
<b>EUR 37,690 thousand</b>					
<b>MLP Teresin logistics park</b>					
(i) warehouse and office buildings	EUR 18,840 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.12/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5% - 5.5% (5.25%)	The lower the yield rate, the higher the fair value
<b>EUR 18,840 thousand</b>					
<b>MLP Gliwice logistics park</b>					
(i) warehouse and office buildings	EUR 36,320 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 4.3/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4.25% - 4.75% (4.5%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 1,440 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 37,760 thousand</b>					
<b>MLP Wrocław logistics park</b>					
(i) warehouse and office buildings	EUR 34,140 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.76/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4.25% - 4.5% (4.38%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 2,640 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 36,780 thousand</b>					

	Fair value as at 31 December 2021	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Czeladź logistics park</b>					
(i) warehouse and office buildings	EUR 14,270 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.69/m <sup>2</sup> )	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	4% - 4.5% (4.25%)	The higher the estimated construction costs, the lower the fair value
(ii) land with building permit	EUR 10,730 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	<b>EUR 25,000 thousand</b>				
<b>MLP Unna logistics park</b>					
(i) land with building permit	EUR 51,800 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	<b>EUR 51,800 thousand</b>				
<b>MLP Bucharest West logistics park</b>					
(i) warehouse and office buildings	EUR 10,110 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.06/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	(9.25%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 5,110 thousand	Market approach	Price per m <sup>2</sup>	EUR 37/m <sup>2</sup> (PLN 171/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
	<b>EUR 15,220 thousand</b>				
<b>MLP Poznań West logistic park</b>					
(i) warehouse and office buildings	EUR 39,780 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 4.64/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	4% - 5% (4.5%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 31,490 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	<b>EUR 71,270 thousand</b>				

	Fair value as at 31 December 2021	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability- weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Łódź logistics park</b>					
(i) land reserve	EUR 2,580 thousand	Market approach	Price per m <sup>2</sup>	EUR 30/m <sup>2</sup> (PLN 136/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
(iii) land with building permit	EUR 17,640 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 20,220 thousand</b>					
<b>MLP Wrocław West logistics park</b>					
(i) warehouse and office buildings	EUR 11,270 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 6.19/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	(5%)	The lower the yield rate, the higher the fair value
(i) land reserve	EUR 4,490 thousand	Market approach	Price per m <sup>2</sup>	EUR 60/m <sup>2</sup> (PLN 275.00/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
<b>EUR 15,760 thousand</b>					
<b>Business Park Poznań logistics park</b>					
(i) warehouse and office buildings	EUR 9,710 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.06/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	6.25% - 8% (7.13%)	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 1,060 thousand	Market approach	Price per m <sup>2</sup>	(EUR 70.44/m <sup>2</sup> ) (PLN 324/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
<b>EUR 10,770 thousand</b>					
<b>Business Park Berlin logistics park</b>					
(i) warehouse and office buildings	EUR 23,600 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 6.54/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	(3.6%)	The lower the yield rate, the higher the fair value
(i) land with building permit	EUR 3,350 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 26,950 thousand</b>					

	Fair value as at 31 December 2021	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>Business Park Vienna logistics park</b>					
(i) land reserve	EUR 22,400 thousand	Market approach	Price per m <sup>2</sup>	EUR 228/m <sup>2</sup> PLN 1,049/m <sup>2</sup>	The lower the yield rate, the higher the fair value
	<b>EUR 22,400 thousand</b>				
<b>Business Park Schalke logistics park</b>					
(i) land reserve	EUR 13,600 thousand	Market approach	Price per m <sup>2</sup>	EUR 120/m <sup>2</sup> PLN 553/m <sup>2</sup>	EUR 22,400 thousand
	<b>EUR 13,600 thousand</b>				
	<b>EUR 721,990 thousand</b>				

(a) Estimated net capitalised income: calculated based on estimated rent rates and yield rates

(b) Estimated construction cost: project construction costs calculated based on cost estimates for the given type of project

*Fair value measurement using significant unobservable inputs (Level 3)*

	Carrying amount as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Pruszków I logistics park</b>					
(i) warehouse and office buildings	EUR 92,210 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.36/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.75% - 8% (6.88%)	The lower the yield rate, the higher the fair value
	<b>EUR 92,210 thousand</b>				
<b>MLP Pruszków II logistics park</b>					
(i) warehouse and office buildings	EUR 127,853 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.38–4.63/m <sup>2</sup> (EUR 3.76/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.5% - 8% (6.75%)	The lower the yield rate, the higher the fair value
(ii) parking lot	EUR 3,117 thousand	Income approach	Monthly rent	EUR 7.89–11.66 thousand (EUR 9.77 thousand)	The higher the rent, the higher the fair value
			Yield rate	6.5% - 8% (7.25%)	The lower the yield rate, the higher the fair value
(iii) land with building permit	EUR 14,510 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value

<b>EUR 145,480 thousand</b>					
	Carrying amount as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Poznań logistics park</b>					
(i) warehouse and office buildings	EUR 29,170 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.50–3.80/m <sup>2</sup> (EUR 3.67/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	6.5% - 7.25% (6.88%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 5,290 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 34,460 thousand</b>					
<b>MLP Lublin logistics park</b>					
(i) warehouse and office buildings	EUR 34,520 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.66–3.80/m <sup>2</sup> (EUR 3.73/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.75%	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 90 thousand	Market approach	Price per m <sup>2</sup>	EUR 45.07/m <sup>2</sup> (PLN 208.00/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
<b>EUR 34,610 thousand</b>					
<b>MLP Teresin logistics park</b>					
(i) warehouse and office buildings	EUR 17,000 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 2.92/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	6.75% - 7.25% (7.00%)	The lower the yield rate, the higher the fair value
<b>EUR 17,000 thousand</b>					
<b>MLP Gliwice logistics park</b>					
(i) warehouse and office buildings	EUR 32,110 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.28–5.59/m <sup>2</sup> (EUR 4.23/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.75% - 6.5% (6.13%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 770 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 32,880 thousand</b>					

Carrying amount as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value	
<b>MLP Wrocław logistics park</b>					
(i) warehouse and office buildings	EUR 28,640 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.24–4.25/m <sup>2</sup> (EUR 3.68/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.5% - 6.5% (6.00%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 2,340 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 30,980 thousand</b>					
<b>MLP Czeladź logistics park</b>					
(i) warehouse and office buildings	EUR 12,970 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 3.88/m <sup>2</sup> )	The lower the estimated capitalised net income, the lower the fair value
			Yield rate	5.5% - 6.5% (6.00%)	The higher the estimated construction costs, the lower the fair value
(ii) land with building permit	EUR 6,200 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 19,170 thousand</b>					
<b>MLP Unna logistics park</b>					
(i) land with building permit	EUR 20,700 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
<b>EUR 20,700 thousand</b>					
<b>MLP Bucharest West logistics park</b>					
(i) warehouse and office buildings	EUR 11,504 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 4.00–4.05/m <sup>2</sup> (EUR 4.03/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	8.25% - 8.5% (8.38%)	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 4,679 thousand	Market approach	Price per m <sup>2</sup>	EUR 34/m <sup>2</sup> (PLN 156.90/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
<b>EUR 16,183 thousand</b>					

	Carrying amount as at 31 December 2020	Valuation approach	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship between unobservable inputs and fair value
<b>MLP Poznań West logistic park</b>					
(i) warehouse and office buildings	EUR 17,770 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	EUR 3.25–6.35/m <sup>2</sup> (EUR 4.80/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	5.75% - 6.5% (6.13%)	The lower the yield rate, the higher the fair value
(ii) land with building permit	EUR 4,250 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	<b>EUR 22,020 thousand</b>				
<b>MLP Łódź logistics park</b>					
(i) land reserve	EUR 3,040 thousand	Market approach	Price per m <sup>2</sup>	EUR 18.20/m <sup>2</sup> (PLN 84.00/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
	<b>EUR 3,040 thousand</b>				
<b>MLP Wrocław West logistics park</b>					
(i) land reserve	EUR 5,320 thousand	Market approach	Price per m <sup>2</sup>	EUR 60.24/m <sup>2</sup> (PLN 278.00/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
	<b>EUR 5,320 thousand</b>				
<b>Poznań Business Park logistics park</b>					
(i) warehouse and office buildings	EUR 6,120 thousand	Income approach	Monthly rent rate per m <sup>2</sup>	(EUR 2.63/m <sup>2</sup> )	The higher the rent rate, the higher the fair value
			Yield rate	7% - 8% (7.5%)	The lower the yield rate, the higher the fair value
(ii) land reserve	EUR 970 thousand	Market approach	Price per m <sup>2</sup>	(EUR 64.79/m <sup>2</sup> ) (PLN 299/m <sup>2</sup> )	The higher the price per m <sup>2</sup> , the higher the fair value
	<b>EUR 7,090 thousand</b>				
<b>Business Park Berlin logistics park</b>					
(i) land with building permit	EUR 9,950 thousand	Residual approach	Capitalised net income	(a)	The lower the estimated capitalised net income, the lower the fair value
			Construction costs	(b)	The higher the estimated construction costs, the lower the fair value
	<b>EUR 9,950 thousand</b>				
	<b>EUR 491,093 thousand</b>				

(a) Estimated net capitalised income: calculated based on estimated rent rates and yield rates

(b) Estimated construction cost: project construction costs calculated based on cost estimates for the given type of project

### 13. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net amount	
	<i>as at 31 December</i>					
	2021	2020	2021	2020	2021	2020
Investment property	-	-	310,697	194,100	310,697	194,100
Borrowings and loans	6,535	11,276	-	-	(6,535)	(11,276)
Derivatives	950	2,987	-	-	(950)	(2,987)
Other	6,646	1,713	-	-	(6,646)	(1,713)
Tax losses deductible in future periods	6,231	2,842	-	-	(6,231)	(2,842)
Interest on bonds	482	459	-	-	(482)	(459)
<b>Deferred tax assets / liabilities</b>	<b>20,844</b>	<b>19,277</b>	<b>310,697</b>	<b>194,100</b>	<b>289,853</b>	<b>174,823</b>

	<i>as at 31 December</i>	
	2021	2020
<b>Including:</b>		
Deferred tax asset	(4,327)	(5,355)
Deferred tax liability	294,180	180,178
	<b>289,853</b>	<b>174,823</b>

As at 31 December 2021, the unrecognised deferred tax asset for tax loss was PLN 16,707 thousand.

Based on the tax budgets prepared by the Group, the Management Board considers it justified to recognise a deferred tax asset on tax loss in the amount disclosed in the statement of financial position.



	1 January 2020	changes recognised in profit or loss	changes recognised in other comprehensive income	currency translation differences	31 December 2020
Investment property	148,706	44,855	-	539	194,100
Borrowings and loans	575	(11,851)	-	-	(11,276)
Derivatives	(1,574)	3	(1,416)	-	(2,987)
Other	(971)	(742)	-	-	(1,713)
Tax losses deductible in future periods	(3,848)	1,006	-	-	(2,842)
Interest on bonds	(93)	(366)	-	-	(459)
	<b>142,795</b>	<b>32,905</b>	<b>(1,416)</b>	<b>539</b>	<b>174,823</b>

	1 January 2021	changes recognised in profit or loss	changes recognised in other comprehensive income	currency translation differences	31 December 2021
Investment property	194,100	116,552	-	45	310,697
Borrowings and loans	(11,276)	4,741	-	-	(6,535)
Derivatives	(2,987)	-	2,037	-	(950)
Other	(1,713)	(4,918)	-	(15)	(6,646)
Tax losses deductible in future periods	(2,842)	(3,389)	-	-	(6,231)
Interest on bonds	(459)	(23)	-	-	(482)
	<b>174,823</b>	<b>112,963</b>	<b>2,037</b>	<b>30</b>	<b>289,853</b>

## 14. Investments and other investments

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Other long-term investments	33,315	28,674
Long-term loans to related entities	20,572	24,539
<b>Other long-term investments</b>	<b>53,887</b>	<b>53,213</b>
Short-term loans to related entities	-	7,958
Money fund units	71,380	20,000
<b>Short-term investments</b>	<b>71,380</b>	<b>27,958</b>
Restricted cash	3,501	10,108
<b>Other short-term investments</b>	<b>3,501</b>	<b>10,108</b>

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.

Money fund units is cash invested in a specialised open-end investment fund.

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.

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

	<i>Loan assets</i>
<b>Amount as at 31 December 2020</b>	<b>32,497</b>
Interest accrued	246
Payment of interest on loan	(2,792)
Repayment of principal	(9,336)
Realised foreign exchange gains/(losses)	34
Change in carrying amount	(77)
<b>Amount as at 31 December 2021</b>	<b>20,572</b>

## 15. Trade and other receivables

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Trade payables	18,104	13,428
Investment settlements	2,147	266
Prepayments and accrued income	8,046	16,133
Advance payment for purchase of land	9,294	33,971
Taxes and social security receivable	36,755	18,632
<b>Trade and other receivables</b>	<b>74,346</b>	<b>82,430</b>
Income tax receivable	2,003	807
<b>Short-term receivables</b>	<b>76,349</b>	<b>83,237</b>

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

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

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

	<i>as at 31 December</i>	<b>2021</b>		<b>2020</b>	
		<b>Gross receivables</b>	<b>Impairment loss</b>	<b>Gross receivables</b>	<b>Impairment loss</b>
Not past due		10,978	-	6,979	-
Past due:					
	1 to 90 days	4,205	-	3,438	-
	91 to 180 days	295	-	1,306	-
	over 180 days	5,333	(2,707)	6,222	(4,517)
<b>Total receivables</b>		<b>20,811</b>	<b>(2,707)</b>	<b>17,945</b>	<b>(4,517)</b>

	<b>2021</b>	<b>2020</b>
<b>Impairment losses on receivables as at 1 January</b>	<b>(4,517)</b>	<b>(7,324)</b>
Reversal of impairment loss	-	3
Use of impairment loss	1,810	2,804
<b>Impairment losses on receivables as at 31 December</b>	<b>(2,707)</b>	<b>(4,517)</b>

## 16. Cash and cash equivalents

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

Cash at banks bears interest at variable rates linked to the overnight interest rate. Short-term deposits are placed for various terms, depending on the Group's current cash requirements, and bear interest at interest rates agreed on a case-by-case basis.

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

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

## 17. Notes to the consolidated statement of cash flows

### 17.1. Cash flows from borrowings

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Proceeds from bank borrowings		436,086	94,368
Proceeds from non-bank borrowings		-	48
<b>Cash flows from borrowings</b>		<b>436,086</b>	<b>94,416</b>
Elimination of non-bank borrowings from Fenix Polska Sp. z o.o.		-	(48)
<b>Cash flows from borrowings</b>		<b>436,086</b>	<b>94,368</b>
<b>Cash flows from borrowings - amount disclosed in the consolidated statement of cash flows</b>		<b>436,086</b>	<b>94,368</b>
	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Repayment of principal instalments on bank borrowings		(220,222)	(23,682)
Repayment of non-bank borrowings		(4,534)	(15,810)
<b>Total cash flows from borrowings</b>		<b>(224,756)</b>	<b>(39,492)</b>
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.		-	15,529
<b>Cash flows from repayment of borrowings</b>		<b>(224,756)</b>	<b>(23,963)</b>
<b>Cash flows from repayment of borrowings – amount disclosed in the consolidated statement of cash flows</b>		<b>(224,756)</b>	<b>(23,963)</b>

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
		-	(4,850)
<b>Cash flows from loans</b>		-	<b>(4,850)</b>
<b>Total cash flows from loans - amount disclosed in the consolidated statement of cash flows</b>		-	<b>(4,850)</b>

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Total cash flows from repayment of loans		9,336	15,775
Elimination of borrowings repaid to Fenix Polska Sp. z o.o.		-	(15,529)
<b>Total cash flows from repayment of loans</b>		<b>9,336</b>	<b>246</b>
<b>Total cash flows from repayment of loans - amount disclosed in the consolidated statement of cash flows</b>		<b>9,336</b>	<b>246</b>

## 17.2. Change in receivables

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Change in inventories		35	(6)
Change in trade and other receivables		8,084	(15,302)
Change in assets from ongoing construction contracts		6,403	(6,403)
Settlement of interim dividend		-	(3,985)
Elimination of advance payment for land purchase		9,294	33,971
<b>Change in receivables</b>		<b>23,816</b>	<b>8,275</b>
<b>Change in receivables disclosed in the consolidated statement of cash flows</b>		<b>23,816</b>	<b>8,275</b>

## 17.3. Change in current and other liabilities

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
Change in trade and other payables		50,957	(51,180)
Change in employee benefit obligations		4,129	664
Change in current liabilities under performance bonds and security deposits		1,035	(3,194)
Change in finance lease liabilities		5,910	12,375
Elimination of changes in investment commitments		(2,344)	41,866
<b>Change in current and other liabilities</b>		<b>59,687</b>	<b>531</b>
<b>Change in current and other liabilities disclosed in the consolidated statement of cash flows</b>		<b>59,687</b>	<b>531</b>

## 18. Equity

### 18.1. Share capital

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Share capital</b>			
Series A ordinary shares		11,440,000	11,440,000
Series B ordinary shares		3,654,379	3,654,379
Series C ordinary shares		3,018,876	3,018,876
Series D ordinary shares		1,607,000	1,607,000
Series E ordinary shares		1,653,384	-
Ordinary shares – total		<b>21,373,639</b>	<b>19,720,255</b>
Par value per share		0.25	0.25

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

On 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.

On 31 May 2021, the District Court for the Capital City of Warsaw in Warsaw, 14th Commercial Division of the National Court Register, recorded in the Business Register of the National Court Register an increase in the Company's share capital from PLN 4,930,063.75 to PLN 5,343,409.75.

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.

	<b>2021</b>		<b>2020</b>	
<i>as at 31 December</i>	number of shares	Par value	number of shares	Par value
<b>Number/value of shares at beginning of period</b>	<b>19,720,255</b>	<b>4,931</b>	<b>18,113,255</b>	<b>4,529</b>
Issue of shares	1,653,384	413	1,607,000	402
<b>Number/value of shares at end of period</b>	<b>21,373,639</b>	<b>5,344</b>	<b>19,720,255</b>	<b>4,931</b>

For information on shareholders holding, directly or through subsidiaries, at least 5% of total voting rights in the Company as at the date of authorisation of these financial statements, see Note 1.4.1.

## 19. Earnings and dividend per share

Earnings per share for each reporting period are calculated as the quotient of net profit for the period attributable to owners of the Parent and the weighted average number of shares outstanding in the reporting period.

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Net profit(loss) for the period</b>		<b>480,470</b>	<b>170,369</b>
Number of outstanding shares		21,373,639	19,720,255
Weighted average number of outstanding shares		20,679,218	18,225,745

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

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
- basic		23.23	9.35
- diluted		23.23	9.35

There were no dilutive factors in the presented periods.

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

### 20.1. Non-current liabilities

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Borrowings secured with the Group's assets		1,004,285	761,745
Bonds <sup>1)</sup>		344,955	346,110
Non-bank borrowings		20,633	24,623
<b>Non-current liabilities under borrowings and other debt instruments</b>		<b>1,369,873</b>	<b>1,132,478</b>

On 17 November 2021, the Company issued, by way of public offering, 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 (abbreviated name: MLP0524). The bonds pay variable interest at 6M EURIBOR plus margin. The maturity date for the Series D bonds is 17 May 2024.

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Finance lease liabilities (perpetual usufruct of land) <sup>2)</sup>		42,915	37,063
Liabilities from measurement of SWAP transactions		4,980	15,686
Performance bonds		2,625	3,713
Security deposits from tenants and other deposits		7,719	5,596
Finance lease liabilities (vehicles)		58	-
<b>Other non-current liabilities</b>		<b>58,297</b>	<b>62,058</b>

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

## 20.2. Current liabilities

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
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
<b>Current liabilities under borrowings and other debt instruments</b>		<b>121,222</b>	<b>33,985</b>

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

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Liabilities from measurement of SWAP transactions		-	16
Liabilities from measurement of CAP transactions		-	42
<b>Other current liabilities</b>		<b>-</b>	<b>58</b>

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

	<b>Bonds</b>
<b>Amount as at 31 December 2020</b>	<b>348,530</b>
Bonds issue	93,304
Interest accrued on bonds	8,849
Interest paid on bonds	(8,660)
Change in carrying amount	(2,548)
<b>Amount as at 31 December 2021</b>	<b>439,475</b>
	<b>Non-bank borrowings</b>
<b>Amount as at 31 December 2020</b>	<b>27,770</b>
Repayment of principal	(4,534)
Interest accrued	256
Payment of interest on loan	(2,820)
Realised foreign exchange gains/(losses)	36
Change in carrying amount	(75)
<b>Amount as at 31 December 2021</b>	<b>20,633</b>



<i>Liabilities under bank borrowings</i>	
<b>Amount as at 31 December 2020</b>	<b>790,163</b>
<i>including derecognised commission fee as at 31 December 2020</i>	2,246
Interest accrued	14,288
Interest paid	(14,363)
IRS interest accrued	7,888
IRS interest paid	(7,898)
Increase in bank borrowings	463,086
Repayment of principal	(220,223)
Realised foreign exchange gains/(losses)	13,014
Change in carrying amount	(14,960)
Interest capitalised	100
<b>Amount as at 31 December 2021</b>	<b>1,030,987</b>
<i>including derecognised commission fee as at 31 December 2021</i>	2,354

<i>Finance lease (perpetual usufruct of land)</i>	
<b>Amount as at 31 December 2020</b>	<b>37,063</b>
Increase in perpetual usufruct charge against MLP Pruszków II Park	6,489
Annual depreciation expense	(637)
<b>Amount as at 31 December 2021</b>	<b>42,915</b>

## 20.4. Liabilities under bonds

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	Listing venue
Private bonds – Series A	EUR	20,000,000	11 May 2022	6M EURIBOR + margin	<i>None</i>	Catalyst
Private bonds – Series B	EUR	10,000,000	11 May 2023	6M EURIBOR + margin	<i>None</i>	Catalyst
Public bonds – Series C	EUR	45,000,000	19 February 2025	6M EURIBOR + margin	<i>none</i>	Catalyst
Public bonds – Series D <sup>1)</sup>	EUR	20,000,000	17 May 2024	6M EURIBOR + margin	<i>none</i>	Catalyst

<sup>1)</sup> By Resolution of 12 November 2021, the WSE Management Board decided to introduce 20,000 Series D bearer bonds of MLP Group S.A., with a nominal value of EUR 1,000 per bond, to the Catalyst alternative trading system. 17 November 2021 was the first day of trading in the Bonds on Catalyst. The bonds are listed in the continuous trading system under the abbreviated name of "MLP0524".

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

	<i>as at</i>			31 December 2021		<i>as at</i>			31 December 2021	
	currency	effective interest rate (%)	matures in	in currency *	in PLN	matures in	in currency *	in PLN		
<b>Bank borrowings secured with the Group's assets</b>										
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2028	2,893	13,305	2028	3,063	14,134		
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	1,813	8,341	2027	1,919	8,854		
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	981	4,513	2027	1,033	4,765		
Investment credit facility ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch	EUR	3M EURIBOR + margin	2025	88,764	406,729	2025	90,642	416,319		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2025	5,656	26,099		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2028	3,197	14,751		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2029	4,142	19,114		
Working capital (VAT) facility ING Bank Śląski S.A.	PLN	1M WIBOR + margin	-	-	-	2021	-	1,151		
Investment credit facility from PKO BP S.A. and BGŻ BNP Paribas S.A.	EUR	3M EURIBOR + margin	2027	65,050	298,930	-	-	-		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2030	5,751	26,541		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2030	4,399	20,301		
Investment credit facility BNP Paribas Bank Polska S.A.	EUR	3M EURIBOR + margin	2029	7,423	34,142	2029	7,696	35,514		
Investment credit facility BNP Paribas Bank Polska S.A.	EUR	3M EURIBOR + margin	2029	10,717	49,057	2029	11,140	51,143		
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	3,234	14,875	2024	1,837	8,478		
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	-	-	-	2030	11,080	51,133		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	11,362	51,982	-	-	-		
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	1,696	7,799	2024	1,717	7,922		
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	4,247	19,535	2024	4,260	19,660		
Investment credit facility PKO BP S.A.	EUR	1M EURIBOR + margin	2026	6,915	31,807	-	-	-		
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	4,882	22,453	2024	5,108	23,573		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2028	7,505	34,636		
Investment credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	-	-	-	2029	1,316	6,075		
Investment credit facility OTP Bank Romania S.A.	EUR	3M EURIBOR + margin	2031	4,056	18,595	-	-	-		
Construction credit facility Bayerische Landesbank	EUR	margin	2029	10,637	48,924	-	-	-		
<b>Total bank borrowings:</b>					<b>1,030,987</b>			<b>790,163</b>		

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

	currency	effective interest rate (%)	as at matures in	31 December 2021 in foreign currency	in PLN	as at matures in	31 December 2020 in foreign currency	in PLN
<b>Non-bank borrowings not secured with the Group's assets:</b>								
Fenix Polska S.A.	PLN	3M WIBOR + margin	2032	-	1,861	2021	-	3,027
Fenix Polska S.A.	PLN	3M WIBOR + margin	2032	-	7,735	2025	-	8,437
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2030	-	3,952
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2025	-	182
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	12	2025	-	12
Fenix Polska S.A.	PLN	3M WIBOR + margin	2027	-	1,632	2027	-	1,632
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2030	-	34
Fenix Polska S.A.	PLN	3M WIBOR + margin	2026	-	123	2021	-	120
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2030	-	465
Fenix Polska S.A.	EUR	3M EURIBOR + margin	-	-	-	2026	-	1
Fenix Polska S.A.	EUR	3M EURIBOR + margin	-	-	-	2025	124	573
Fenix Polska S.A.	PLN	3M WIBOR + margin	2025	-	300	2025	-	415
Fenix Polska S.A.	PLN	3M WIBOR + margin	-	-	-	2028	-	7
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2029	1,950	8,970	2029	1,931	8,913
<b>Total non-bank borrowings:</b>					<b>20,633</b>	<b>27,770</b>		
<b>Total borrowings secured and not secured with the Group's assets</b>					<b>1,051,620</b>	<b>817,933</b>		

## 21. Employee benefit obligations

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Special accounts		157	157
Provision for bonuses		5,771	1,642
<b>Employee benefit obligations</b>		<b>5,928</b>	<b>1,799</b>

## 22. Trade and other payables

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Trade payables		12,135	14,993
Deferred income		3,321	619
Taxes and social security receivable		5,251	3,925
Unbilled trade payables		11,578	9,726
Investment commitments, security deposits and other obligations		76,038	27,742
Provision for repairs		-	361
<b>Trade and other payables</b>		<b>108,323</b>	<b>57,366</b>
Income tax receivable		3,210	3,238
<b>Current liabilities</b>		<b>111,533</b>	<b>60,604</b>

As at 31 December 2021, the Group did not carry any outstanding liabilities towards related parties.

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

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Not past due		101,604	59,771
Past due from 1 to 90 days		8,122	2,251
Past due from 91 to 180 days		1	-
Pas due over 180 days		368	109
<b>Total trade and other payables</b>		<b>110,095</b>	<b>62,131</b>

The time past due structure presented above includes non-current liabilities.

Trade payables are non-interest bearing and are typically settled within 30 to 60 days. Other payables are non-interest bearing, with average payment period of one month. Amounts resulting from the difference between input and output value added tax are paid to the relevant tax authorities in the periods prescribed by the relevant tax laws. Interest payable is generally settled on the basis of accepted interest notes.

## 23. Financial instruments

### 23.1. Measurement of financial instruments

The fair value of financial assets and financial liabilities as at 31 December 2021 and 31 December 2020 was equal to the respective amounts disclosed in the consolidated statement of financial position.

The following assumptions were made for the purpose of fair value measurement:

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

#### 23.1.1 Financial assets

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Financial assets measured at amortised cost:</b>			
Cash and cash equivalents		177,234	163,009
Loans and receivables, including:			
• Trade and other receivables		20,251	13,694
• Loans		20,572	32,497
• Money fund units		71,380	20,000
• Other long-term investments		33,315	28,674
• Other short-term investments		3,501	10,108
		<b>326,253</b>	<b>267,982</b>
<b>Total financial assets</b>		<b>326,253</b>	<b>267,982</b>

**Measurement of assets at amortised cost as at 31 December 2021:**

	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount</b>	<b>306,002</b>	<b>22,958</b>	-
Cash and cash equivalents	177,234	-	-
Loans and receivables, including:			
• Trade and other receivables	-	22,958	-
• Loans	20,572	-	-
• Money fund units	71,380	-	-
• Other long-term investments	33,315	-	-
• Other short-term investments	3,501	-	-
<b>Impairment losses (IFRS 9)</b>	-	<b>(2,707)</b>	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(2,707)	-
<b>Carrying amount (IFRS 9)</b>	<b>306,002</b>	<b>20,251</b>	-

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

	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount</b>	<b>254,288</b>	<b>18,211</b>	-
Cash and cash equivalents	163,009	-	-
Loans and receivables, including:			
• Trade and other receivables	-	18,211	-
• Loans	32,497	-	-
• Money fund units	20,000	-	-
• Other long-term investments	28,674	-	-
• Other short-term investments	10,108	-	-
<b>Impairment losses (IFRS 9)</b>	-	<b>(4,517)</b>	-
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(4,517)	-
<b>Carrying amount (IFRS 9)</b>	<b>254,288</b>	<b>13,694</b>	-

### 23.1.2 Financial liabilities

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Hedging financial instruments measured at fair value through other comprehensive income</b>		
Liabilities from measurement of SWAP transactions	4,980	15,702
Liabilities from measurement of CAP transactions	-	42
	<b>4,980</b>	<b>15,744</b>
<b>Financial liabilities measured at amortised cost:</b>		
Bank borrowings	1,030,987	790,163
Non-bank borrowings	20,633	27,770
Trade and other payables	110,095	61,770
Lease liabilities	42,973	37,063
Bonds	439,475	348,530
	<b>1,644,163</b>	<b>1,265,296</b>
<b>Total financial liabilities</b>	<b>1,649,143</b>	<b>1,281,040</b>

As at 31 December 2021, the fair value of hedging instruments was PLN 4,980 thousand, measured on the basis of other directly or indirectly observable quotations (Level 2). The information is provided by banks and is based on reference to instruments traded on an active market.

In the year ended 31 December 2021, there were no transfers between the levels.

## 23.2. Other disclosures relating to financial instruments

### Hedging

For information on collateral, see Note 26.

### Hedge accounting

On 30 April 2021, 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. entered into variable-to-fixed interest rate swap contracts with Powszechna Kasa Oszczędności Bank Polski S.A. and BNP Paribas Bank Polska S.A.

On 31 August 2021 and 2 December 2021, MLP Pruszków II Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with Bank Polska Kasa Opieki S.A.

With these contractual arrangements in place, future interest payments on variable-rate credit facilities will be effectively exchanged for interest payments calculated according to schedules defined in the swap contracts.



**Hedging instruments and hedged item**

Entity	Hedged item as at 31 December 2021:		Hedging instrument – amortised interest rate swap:		Fair value of hedging instrument (EUR thousand) as at 31 December		Fair value of hedging instrument (PLN thousand) as at 31 December	
	EUR '000	PLN '000	EUR '000	PLN '000	2021	2020	2021	2020
MLP Pruszków I Sp. z o.o.	44,335	203,914	44,335	203,914	(352)	(1,144)	(1,620)	(5,281)
MLP Wrocław Sp. z o. o.	16,060	73,865	16,060	73,865	(44)	(230)	(201)	(1,059)
MLP Pruszków III Sp. z o.o.	22,786	104,803	22,786	104,803	(181)	(591)	(833)	(2,729)
MLP Gliwice Sp. z o. o.	17,338	79,742	17,338	79,742	(47)	(278)	(216)	(1,284)
MLP Poznań Sp. z o. o.	5,681	26,130	5,681	26,130	(65)	(121)	(297)	(560)
MLP Teresin Sp. z o.o.	3,555	16,350	3,555	16,350	(19)	(51)	(89)	(233)
MLP Poznań II Sp. z o.o.	5,943	27,334	5,943	27,334	(17)	(66)	(78)	(307)
MLP Pruszków IV Sp. z o.o.	13,891	63,892	13,891	63,892	(110)	(360)	(508)	(1,664)
MLP Pruszków V Sp. z o.o.	15,914	73,193	15,914	73,193	(74)	(332)	(340)	(1,534)
MLP Czeladź Sp. z o.o.	3,750	17,247	3,750	17,247	(25)	(100)	(113)	(463)
MLP Lublin Sp. z o.o.	18,037	82,961	18,037	82,961	(49)	(127)	(225)	(588)
MLP Poznań West II Sp. z o.o.	6,979	32,099	6,979	32,099	(31)	-	(144)	-
MLP Pruszków II Sp. z o.o.	7,983	36,718	7,983	36,718	(69)	-	(316)	-
<b>Total</b>	<b>182,252</b>	<b>838,248</b>	<b>182,252</b>	<b>838,248</b>	<b>(1,083)</b>	<b>(3,400)</b>	<b>(4,980)</b>	<b>(15,702)</b>

Hedged item and hedging instrument – amortised Interest Rate Swap as at 31 December 2021.

**Amounts recognized in the consolidated statement of profit or loss and other comprehensive income in 2021:**

Entity	Amounts recognised as finance costs - ineffective portion	Amounts recognised as finance costs - net interest income	Amounts recognised in other comprehensive income
MLP Pruszków I Sp. z o.o.	-	-	3,660
MLP Pruszków III Sp. z o.o.	-	-	1,896
MLP Pruszków V Sp. z o.o.	-	-	1,194
MLP Pruszków IV Sp. z o.o.	-	-	1,156
MLP Czeladź Sp. z o.o.	-	-	350
MLP Teresin Sp. z o.o.	-	42	146
MLP Poznań II Sp. z o.o.	-	-	228
MLP Poznań Sp. z o.o.	-	-	263
MLP Gliwice Sp. z o. o.	-	-	1,067
MLP Wrocław Sp. z o. o.	-	-	859
MLP Poznań West II Sp. z o.o.	-	-	(144)
MLP Pruszków II Sp. z o.o.	-	-	(316)
MLP Lublin Sp. z o.o.	-	-	363
<b>Total</b>	-	<b>42</b>	<b>10,722</b>

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

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

**23.3. Nature and extent of risks arising from financial instruments**

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

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

### 23.3.1 Liquidity risk

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

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

Bank borrowings - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>2021</b>	43,878	608,338	456,207	<b>1,108,423</b>
<b>2020</b>	40,435	592,541	186,363	<b>819,339</b>

The following table presents the maturity structure of the bonds:

Bonds - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>2021</b>	94,520	344,955	-	<b>439,475</b>
<b>2020</b>	2,420	346,110	-	<b>348,530</b>

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

Derivative instruments - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>2021</b>				
inflows	-	2,475	422	<b>2,897</b>
outflows	(4,752)	(2,981)	(144)	<b>(7,877)</b>
<b>net cash flow</b>	<b>(4,752)</b>	<b>(506)</b>	<b>278</b>	<b>(4,980)</b>
<b>2020</b>				
inflows	-	-	-	-
outflows	(4,217)	(11,456)	(29)	<b>(15,702)</b>
<b>net cash flow</b>	<b>(4,217)</b>	<b>(11,456)</b>	<b>(29)</b>	<b>(15,702)</b>

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

Loans - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>2021</b>	-	456	23,794	<b>24,250</b>
<b>2020</b>	3,189	10,151	16,363	<b>29,703</b>

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

Expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
<b>2021</b>	-	10,797	47,500	<b>58,297</b>
<b>2020</b>	58	22,548	39,510	<b>62,116</b>

### 23.3.2 Currency risk

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

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

#### Currency structure of financial instruments as at 31 December 2021 (PLN thousand):

Financial assets	PLN	EUR	other	Total
<b>Financial assets measured at amortised cost:</b>				
Cash and cash equivalents	65,626	109,628	1,980	177,234
Loans and receivables, including:				
• Trade and other receivables	19,665	453	133	20,251
• Loans	11,648	8,924	-	20,572
• Money fund units	71,380	-	-	71,380
• Other long-term investments	15,388	17,927	-	33,315
• Other short-term investments	603	2,898	-	3,501
	<b>184,310</b>	<b>139,830</b>	<b>2,113</b>	<b>326,253</b>

Financial liabilities	PLN	EUR	other	Total
<b>Hedging financial instruments measured at fair value through other comprehensive income</b>				
Liabilities from measurement of SWAP transactions	-	4,980	-	4,980
<b>Financial liabilities measured at amortised cost:</b>				
Bank borrowings	-	1,030,987	-	1,030,987
Non-bank borrowings	11,663	8,970	-	20,633
Trade and other payables	36,332	73,641	122	110,095
Lease liabilities	42,973	-	-	42,973
Bonds	-	439,475	-	439,475
	<b>90,968</b>	<b>1,558,053</b>	<b>122</b>	<b>1,649,143</b>

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

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

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

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

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

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
Increase in the EUR/PLN exchange rate by 5%	(70,921)	(56,901)
Increase in the USD/PLN exchange rate by 5%	99	70

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

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

### 23.3.3 Interest rate risk

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

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

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

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
EURIBOR + 50 bp	(2,580)	(1,832)
WIBOR + 50 bp	(58)	(97)

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

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

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
EURIBOR + 50 bp	45	47
WIBOR + 50 bp	58	115

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

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

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

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
EURIBOR + 50 bp	652	223
WIBOR + 50 bp	408	779
US LIBOR + 50 bp	10	7

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

**23.3.4 Credit risk**

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

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

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

<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Security deposits from tenants at end of reporting period</b>	8,233	5,967

**24. Operating leases**

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

As at 31 December 2021, the aggregate amount of rental income (assuming the EUR/PLN and USD/PLN exchange rates are constant and the rental rates are not indexed) was PLN 899.8 million, of which PLN 128.3 million was receivable within one year, PLN 429.2 million in two to five years, and PLN 342.3 million after five years.

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

## 25. Contractual investment commitments

	<i>as at 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Contractual investment commitments</b>		176,253	22,735

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

## 26. Contingent liabilities and security instruments

As at 31 December 2021, the following security interests were established in the Group's assets:

### 26.1. Mortgages

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

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

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

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



Entity	Land register number	Details	Mortgage charge
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of the bank's claims under: 1) transaction 1 and transaction 2 executed under a master agreement of 11 June 2018 ("MASTER AGREEMENT") concerning execution of transaction 1 and transaction 2	EUR 1,500 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of credit facility pursuant to credit agreement no. 11/0002 of 8 August 2011, as amended; the mortgage secures repayment of tranches A, C, investment tranche A3 (including tranches E and F), tranche G, tranche A5, and payment of interest	EUR 9,357 thousand
MLP Poznań Sp. z o.o. MLP Poznań II Sp. z o.o.	PO1D/00041539/8 PO1D/00050729/3 PO1D/00041540/8 PO1D/00050728/6 PO1D/00051882/0 PO1D/00059827/3	Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of credit facility pursuant to credit agreement no. 11/0002 of 8 August 2011, as amended, and credit agreement of 9 February 2017, as amended; the mortgage secures repayment of tranches B, D, H, and payment of interest	EUR 1,353 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure payment of claims under hedging transactions (Transactions 1, 2, 3, 4 and 5), pursuant to the master agreement of 13 December 2013 for execution financial forward transactions and sale and repurchase transactions	EUR 1,788 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of VAT facility and variable rate payments under VAT facility of 9 February 2017	PLN 6,000 thousand

Entity	Land register number	Details	Mortgage charge
		Joint contractual mortgage established in favour of the mortgage administrator, i.e. BNP Paribas Bank Polska S.A., to secure claims under the credit facility agreement of 9 April 2021 against each of the borrowers	EUR 110,127 thousand
MLP Lublin Sp. z o.o. <sup>2) 3)</sup>	LU1S/00012867/9 WA1G/00076402/9 GL1T/00099961/3 WR1E/00102562/6	Joint contractual mortgage established in favour of BNP Paribas Bank Polska S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
		Joint contractual mortgage established in favour of PKO Bank Polski S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand

Entity	Land register number	Details	Mortgage charge
		Joint contractual mortgage established in favour of the mortgage administrator, i.e. BNP Paribas Bank Polska S.A., to secure claims under the credit facility agreement of 9 April 2021 against each of the borrowers	EUR 110,127 thousand
MLP Teresin Sp. z o.o. <sup>2) 5)</sup>	WA1G/00076402/9 LU1S/00012867/9 GL1T/00099961/3 WR1E/00102562/6	Joint contractual mortgage established in favour of BNP Paribas Bank Polska S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand

		Joint contractual mortgage established in favour of PKO Bank Polski S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
		Joint contractual mortgage established in favour of the mortgage administrator, i.e. BNP Paribas Bank Polska S.A., to secure claims under the credit facility agreement of 9 April 2021 against each of the borrowers	EUR 110,127 thousand
MLP Wrocław Sp. z o.o. <sup>2) 4)</sup>	WR1E/00102562/6 LU1S/00012867/9 WA1G/00076402/9 GL1T/00099961/3	Joint contractual mortgage established in favour of BNP Paribas Bank Polska S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
		Joint contractual mortgage established in favour of PKO Bank Polski S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
		Joint contractual mortgage established in favour of the mortgage administrator, i.e. BNP Paribas Bank Polska S.A., to secure claims under the credit facility agreement of 9 April 2021 against each of the borrowers	EUR 110,127 thousand
MLP Gliwice Sp. z o.o. <sup>2) 6)</sup>	GL1T/00099961/3 LU1S/00012867/9 WA1G/00076402/9 WR1E/00102562/6	Joint contractual mortgage established in favour of BNP Paribas Bank Polska S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
		Joint contractual mortgage established in favour of PKO Bank Polski S.A. to secure claims under the master agreement and hedging transactions against each of the borrowers (Mortgage securing hedging transactions)	EUR 110,127 thousand
Entity	Land register number	Details	Mortgage charge
MLP Czeladź Sp. z o.o.	KA1B/00019862/9	Contractual mortgage established in favour of PKO Bank Polski S.A. to secure repayment of credit facility under credit facility agreement of 14 December 2018	EUR 34,121 thousand
		Contractual mortgage established in favour of PKO Bank Polski S.A. to secure repayment of credit facility under credit facility agreement of 28 November 2018	EUR 15,450 thousand
		Joint contractual mortgage established in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing term loans)	EUR 28,987 thousand
MLP Pruszków V Sp. z o.o.	WA1P/00130140/0 WA1P/00130142/4 WA1P/00048722/2 WA1P/00079403/6 WA1P/00131542/5 WA1P/00079402/9 WA1P/00103820/3	Joint contractual mortgage established in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing hedging transactions)	PLN 6,036 thousand
		Joint contractual mortgage established in favour of BNP PARIBAS BANK POLSKA S.A. to secure repayment of credit facility under credit facility agreement of 7 November 2019 (Mortgage securing VAT facility)	PLN 6,000 thousand

MLP Poznań West II sp. z o.o. <sup>1)</sup>	PO1P/00325364/7	Contractual mortgage established in favour of PKO Bank Polski S.A. to secure claims under the credit facility agreement of 10 February 2021 with respect to construction and investment credit facilities (Mortgage securing term loans)	EUR 41,591 thousand
		Contractual mortgage established in favour of PKO Bank Polski S.A. under the credit facility agreement of 10 February 2021 to secure claims under the master agreement and hedging transactions (Mortgage securing hedging transactions))	PLN 40,586 thousand
MLP Pruszków II sp. z o.o. <sup>7)</sup>	WA1P/00073303/3	Contractual mortgage established in favour of PEKAO S.A. to secure claims under the credit facility agreement of 23 July 2021 with respect to construction and investment credit facilities (Mortgage securing term loans)	EUR 37,116 thousand
		Contractual mortgage established in favour of PEKAO S.A. under the credit facility agreement of 23 July 2021 to secure claims under the master agreement and hedging transactions (Mortgage securing hedging transactions))	PLN 11,100 thousand
		Contractual mortgage established in favour of PEKAO S.A. under the credit facility agreement of 23 July 2021 to secure claims under the credit facility agreement with respect to the VAT facility (Mortgage securing VAT facility)	PLN 4,500 thousand
MLP Logistic Park Germany I sp. z o.o. & Co. KG <sup>8)</sup>	Grundbuch Unna No. 25890	Contractual mortgage (Buchgrundschuld) established in favour of Bayerische Landesbank to secure claims under the credit facility agreement of 16 September 2021	EUR 41,250 thousand
MLP Bucharest West SRL <sup>9)</sup>	Land Registry in Chitila Nos. 55458, 53566	Contractual mortgage established in favour of OTP Bank Romania SA to secure claims under the credit facility agreement of 23 September 2021	EUR 6,000 thousand

<sup>1)</sup> On 10 February 2021, MLP Poznań West II sp. z o.o. executed a new credit facility agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP), whereby the following security interests were established: (a) contractual mortgage for up to EUR 41,590,571, securing claims under the credit facility agreement; (b) contractual mortgage for up to EUR 40,585,500, securing PKO BP's claims under the hedging contracts.

<sup>2)</sup> On 9 February 2021, 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. executed a new credit facility agreement with BNP Paribas Bank Polska S.A. (BNP) and Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP), whereby the following security interests were established: (a) joint mortgage for up to EUR 110,126,521.50, securing claims under the credit facility agreement against each of the borrowers; (b) two joint mortgages for up to EUR 110,126,521.50, securing BNP's and PKO BP's claims under the hedging contracts.

<sup>3)</sup> In view of repayment of the credit facility granted by PKO BP to MLP Lublin sp. z o.o., on 6 August 2021 the contractual mortgage of up to EUR 25,502,396 established in favour of PKO BP was deleted from the land and mortgage register.

<sup>4)</sup> In view of repayment of the credit facility granted by Bank Polska Kasa Opieki S.A. (Pekao) to MLP Wrocław sp. z o.o., on 14 July 2021 the four contractual mortgages established in favour of Pekao, for up to EUR 27,637,500.00 and PLN 4,500,000.00, were deleted from the land and mortgage register.

<sup>5)</sup> In view of repayment of the credit facility granted by Bank Polska Kasa Opieki S.A. (Pekao) to MLP Teresin sp. z o.o., on 22 October 2021 the four contractual mortgages established in favour of Pekao, for up to (1) PLN

6,000,000, (2) EUR 5,768,929.51, (3) PLN 5,600,000, and (4) PLN 5,600,000, and the contractual mortgage established in favour of PEKAO BANK HIPOTECZNY S.A., for up to EUR 5,026,570.49, were deleted from the land and mortgage register.

<sup>6)</sup> In view of repayment of the credit facility granted by Bank Polska Kasa Opieki S.A. (Pekao) to MLP Gliwice sp. z o.o., on 7 June 2021 three contractual mortgages, for up to EUR 29,914,500.00, PLN 4,500,000.00 and PLN 12,000,000.00, were deleted from the land and mortgage register.

<sup>7)</sup> On 23 July 2021, MLP Pruszków II Sp. z o.o. executed a new credit facility agreement with Bank Polska Kasa Opieki S.A. (Pekao), whereby the following security interests were established: (a) contractual mortgage of up to EUR 41,590,571, securing claims under the credit facility agreement with respect to construction and investment credit facilities; (b) contractual mortgage of up to PLN 4,500,000.00, securing claims under the credit facility agreement with respect to the VAT facility; (c) contractual mortgage of up to PLN 11,100,000.00, securing PKO BP's claims under the master agreement and hedging transactions.

<sup>8)</sup> On 16 September 2021, MLP Logistic Park Germany I sp. z o.o. & Co. KG of Munich (Germany) executed a new credit facility agreement with Bayerische Landesbank of Munich (Germany), whereby a contractual mortgage of up to EUR 41,250,000.00 was established to secure claims under the agreement.

<sup>9)</sup> On 23 September 2021, MLP Bucharest West SRL of Bucharest (Romania) executed a new credit facility agreement with OTP Bank Romania S.A. of Bucharest (Romania), whereby a mortgage was established over the property financed with the facility, securing claims under the credit facility agreement.

## 26.2. Financial and registered pledges on shares

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

Registered pledges on shares:

Type of security interest	Secured claims	Amount of security interest
<p>• <u>Security interests in MLP Group S.A.'s shares in the following companies:</u></p> <p><i>Registered pledges on shares:</i></p>		
MLP Pruszków I Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków I Sp. z o.o.	EUR 140,895 thousand each
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand each
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 28,987 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	PLN 6,000 thousand

MLP Poznań II Sp. z o.o.	claims of Bank Polska Kasa Opieki S.A. under the ING 11/0002 credit facility granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Poznań West II Sp. z o.o.	claims of PKO BP S.A. under credit facility of 10 February 2021 granted to MLP Poznań West II Sp. z o.o.	EUR 41,591 thousand
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. and PKO BP S.A. under credit facility of 9 April 2021 granted to MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o.; pledge created in favour of BNP Paribas as the pledge administrator	EUR 147,127 thousand
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. and PKO BP S.A. under credit facility of 9 April 2021 granted to MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o.; pledge created in favour of BNP Paribas as the pledge administrator	EUR 147,127 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under Collateral Agreements executed for the purposes of credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 15,450 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 32,156 thousand
<b>Financial pledges on shares:</b>		
Type of security interest	Secured claims	Amount of security interest
MLP Pruszków I Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków I Sp. z o.o.	three pledges, EUR 140,895 thousand each
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges, EUR 140,895 thousand each
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 17,409 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 11,577 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	PLN 6,000 thousand
MLP Poznań II Sp. z o.o.	claims of Bank Polska Kasa Opieki S.A. under the ING 11/0002 credit facility granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand

MLP Poznań West II Sp. z o.o.	claims of PKO BP S.A. under construction credit facility granted to MLP Poznań West II Sp. z o.o. under the credit facility agreement of 10 February 2021 (Financial Pledge 1)	not applicable
MLP Poznań West II Sp. z o.o.	claims of PKO BP S.A. under investment credit facility granted to MLP Poznań West II Sp. z o.o. under the credit facility agreement of 10 February 2021 (Financial Pledge 2)	not applicable
MLP Poznań West II Sp. z o.o.	claims of PKO BP S.A. under VAT facility granted to MLP Poznań West II Sp. z o.o. under the credit facility agreement of 10 February 2021 (Financial Pledge 2)	not applicable
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Gliwice Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each

MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Wrocław Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under Collateral Agreements executed for the purposes of credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 15,450 thousand
MLP Czeladź Sp. z o.o.	claims of PKO Bank Polski S.A. under credit facility of 14 December 2018 granted to MLP Czeladź Sp. z o.o.	EUR 32,156 thousand
<p>• <b><u>Security interests in MLP Property Sp. z o.o.'s shares in the following companies:</u></b></p> <p><b><i>Registered pledges on shares:</i></b></p>		
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. and PKO BP S.A. under credit facility of 9 April 2021 granted to MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o.; pledge created in favour of BNP Paribas as the pledge administrator	EUR 147,127 thousand
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. and PKO BP S.A. under credit facility of 9 April 2021 granted to MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o.; pledge created in favour of BNP Paribas as the pledge administrator	EUR 147,127 thousand

MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	EUR 140,895 thousand
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	EUR 140,895 thousand
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002	EUR 14,047 thousand
MLP Poznań Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 11 June 2018 granted to MLP Poznań Sp. z o.o.	EUR 25,910 thousand
MLP Pruszków II Sp. z o.o.	claims of Pekao S.A. under construction and investment credit facilities granted to MLP Pruszków II Sp. z o.o. under the credit facility agreement of 23 July 2021	EUR 37,116 thousand
MLP Pruszków II Sp. z o.o.	claims of Pekao S.A. under VAT facility granted to MLP Pruszków II Sp. z o.o. under the credit facility agreement of 23 July 2021	PLN 4,500 thousand
MLP Bucharest West SRL	claims of OTP Bank Romania S.A. under credit facility granted to MLP Bucharest West SRL under the credit facility agreement of 23 September 2021	EUR 6,000 thousand

**Financial pledges on shares:**

Type of security interest	Secured claims	Amount of security interest
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each



MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Teresin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each

MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges, EUR 140,895 thousand each
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	three pledges, EUR 140,895 thousand each
MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002	EUR 14,047 thousand
MLP Poznań Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 11 June 2018 granted to MLP Poznań Sp. z o.o.	EUR 25,910 thousand
MLP Pruszków II Sp. z o.o.	claims of Pekao S.A. under construction credit facility granted to MLP Pruszków II Sp. z o.o. under the credit facility agreement of 23 July 2021 (as security for VAT facility)	EUR 32,262 thousand
MLP Pruszków II Sp. z o.o.	claims of Pekao S.A. under investment facility granted to MLP Pruszków II Sp. z o.o. under the credit facility agreement of 23 July 2021	EUR 37,116 thousand
MLP Pruszków II Sp. z o.o.	claims of Pekao S.A. under VAT facility granted to MLP Pruszków II Sp. z o.o. under the credit facility agreement of 23 July 2021	PLN 4,500 thousand

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

***Registered pledges on shares:***

MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002 granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. and PKO BP S.A. under credit facility of 9 April 2021 granted to MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o.; pledge created in favour of BNP Paribas as the pledge administrator	EUR 147,127 thousand

***Financial pledges on shares:***

MLP Poznań II Sp. z o.o.	claims of ING Bank Śląski S.A. under facility no. ING 11/0002 granted to MLP Poznań II Sp. z o.o.	EUR 14,047 thousand
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each

MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility A granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 49,719 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Credit Facility B granted under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 5,344 thousand each
MLP Lublin Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. against MLP Wrocław Sp. z o.o., MLP Teresin sp. z o.o., MLP Lublin sp. z o.o. and MLP Gliwice sp. z o.o. under Hedging Documents executed under the credit facility agreement of 9 April 2021; claims against each of the companies are secured with a separate pledge	four pledges, EUR 9,250 thousand each

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

**Registered pledges on shares:**

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

MLP Pruszków V Sp. z o.o.	claim of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 28,987 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 6,000 thousand
<b>Financial pledges on shares:</b>		
MLP Pruszków III Sp. z o.o.	claims of ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Polish Branch under credit facility of 9 May 2019 granted to MLP Pruszków III Sp. z o.o.	three pledges, EUR 140,895 thousand each
MLP Pruszków IV Sp. z o.o.	claims of ING Bank Śląski S.A. under credit facility of 9 May 2019 granted to MLP Pruszków IV Sp. z o.o.	three pledges, PLN 140,895 thousand each
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 17,409 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 11,577 thousand
MLP Pruszków V Sp. z o.o.	claims of BNP Paribas Bank Polska S.A. under credit facility of 7 November 2019 for MLP Pruszków V Sp. z o.o.	EUR 6,000 thousand

• **Security interests in MLP Bucharest West sp. z o.o.'s shares in the following company:**

**Registered pledges on shares:**

Type of security interest	Secured claims	Amount of security interest
MLP Bucharest West SRL	claims of OTP Bank Romania S.A. under credit facility granted to MLP Bucharest West SRL under the credit facility agreement of 23 September 2021	EUR 6,000 thousand

### 26.3. Pledges on cash receivables

- In connection with a new credit facility agreement signed on 9 May 2019 by MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. with ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch, in May 2019 financial pledges were created, and registered pledges were created and recorded in the pledge register, over bank accounts of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, and pledges were created over a set of movables and rights representing an organised whole of MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV, for up to the maximum amount secured of EUR 140,895 thousand.
- **In connection with the credit facility agreement of 11 June 2018 between MLP Poznań Sp. z o.o. and ING Bank Śląski S.A, the following pledges were created:**
  - registered pledge over bank account balances of up to PLN 6,000 thousand

- financial pledge over bank account balances of up to PLN 6,000 thousand
  - four registered pledges over bank account balances of up to EUR 25,910 thousand
  - four financial pledges over bank account balances of up to EUR 25,910 thousand
  - 11 financial pledges over bank accounts balances of up to the maximum secured amount of PLN 6,000 thousand
  - 11 financial pledges over bank accounts balances of up to the maximum secured amount of EUR 17,409 thousand
  - 11 registered pledges over bank account balances of up to EUR 28,987 thousand
  - 11 registered pledges over bank account balances of up to PLN 6,000 thousand
- **In connection with the credit facility agreement between MLP Czeladź Sp. z o.o. and PKO BP S.A., on 14 December 2018 the following pledges were created:**
    - registered pledge over a organised set of movables and rights securing investment, construction and VAT credit facilities for up to EUR 32,156 thousand
    - registered pledge over a organised set of movables and rights securing hedging transactions for up to EUR 15,450 thousand
    - ten registered pledges over bank account balances securing investment, construction and VAT credit facilities for up to EUR 32,156 thousand
    - ten registered pledges over bank account balances securing hedging transactions for up to EUR 15,450 thousand
    - ten financial pledges over bank account balances securing investment, construction and VAT credit facilities for up to EUR 32,156 thousand
    - ten financial pledges over bank account balances securing hedging transactions for up to EUR 15,450 thousand
- **In connection with the credit facility agreement between MLP Pruszków V Sp. z o.o. and BNP Paribas Bank Polska S.A., on 7 November 2019 the following pledges were created:**
    - 11 registered pledges over bank account balances of up to EUR 28,987 thousand
    - 11 registered pledges over bank account balances of up to PLN 6,000 thousand
    - 11 financial pledges over bank account balances of up to EUR 17,409 thousand
    - 11 financial pledges over bank account balances of up to EUR 11,577 thousand
    - 11 financial pledges over bank account balances securing VAT facility for up to PLN 6,000 thousand
- **In connection with the credit facility agreement between MLP Poznań West II Sp. z o.o. and PKO BP S.A., on 10 February 2021 the following pledges were created:**
    - registered pledge over a organised set of movables and rights for up to EUR 41,591 thousand
    - ten registered pledges over bank account balances of up to EUR 41,591 thousand
    - ten financial pledges over bank account balances securing construction facility
    - ten financial pledges over bank account balances securing investment facility
    - ten financial pledges over bank account balances securing VAT facility
- **In connection with the credit facility agreement between MLP Wrocław Sp. z o.o. and the banks BNP Paribas Bank Polska S.A. and PKO BP S.A., on 9 April 2021 the following pledges were created:**
    - registered pledge over a organised set of movables and rights for up to EUR 147,127 thousand
    - ten registered pledges over bank account balances of up to EUR 147,127 thousand

- four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 49,719 thousand
- four financial pledges in favour of PKO BP over bank account balances of up to EUR 49,719 thousand
- four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 5,344 thousand
- four financial pledges in favour of PKO BP over bank account balances of up to EUR 5,344 thousand
- four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 9,250 thousand
- four financial pledges in favour of PKO BP over bank account balances of up to EUR 9,250 thousand
- **In connection with the credit facility agreement between MLP Gliwice Sp. z o.o. and the banks BNP Paribas Bank Polska S.A. and PKO BP S.A., on 9 April 2021 the following pledges were created:**
  - registered pledge over an organised set of movables and rights for up to EUR 147,127 thousand
  - ten registered pledges over bank account balances of up to EUR 147,127 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 49,719 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 49,719 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 5,344 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 5,344 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 9,250 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 9,250 thousand
- **In connection with the credit facility agreement between MLP Lublin Sp. z o.o. and the banks BNP Paribas Bank Polska S.A. and PKO BP S.A., on 9 April 2021 the following pledges were created:**
  - registered pledge over an organised set of movables and rights for up to EUR 147,127 thousand
  - ten registered pledges over bank account balances of up to EUR 147,127 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 49,719 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 49,719 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 5,344 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 5,344 thousand
  - four financial pledges in favour of BNP Paribas over bank account balances of up to EUR 9,250 thousand
  - four financial pledges in favour of PKO BP over bank account balances of up to EUR 9,250 thousand
- **In connection with the credit facility agreement between MLP Bucharest West SRL and OTP Bank Romania S.A., on 23 September 2021 the following pledges were created:**
  - pledge over bank account balances of up to EUR 6,000 thousand

#### 26.4. Guarantees

Under an agreement of May 2018, Bank PKO BP S.A. granted to MLP Czeladź Sp. z o.o. a bank guarantee for the performance of the company's obligations towards the Municipality of Czeladź and the State Treasury, concerning reconstruction of a traffic circulation system in Czeladź as part of construction of a logistics park. The guarantee amount was PLN 5,927 thousand.

On 26 November 2021, at MLP Group S.A.'s request, a bank guarantee was issued to secure fulfilment by MLP Gliwice Sp. z o.o. of its project developer commitments under an agreement with the General Directorate for National Roads and Motorways (GDDKiA) to redevelop the intersection of road 2902S and road DK 78 in the town of Szalsza, with the maximum amount of the guarantee being PLN 2,727,541.93 in the period to 31 August 2022

and PLN 136,377.10 in the period from 1 September 2022 to 31 August 2027.

## 26.5. Sureties

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

On 16 September 2021, MLP Group S.A. provided an up to EUR 7,125,000.00 surety in the form of a corporate guarantee in favour of Bayerische Landesbank to secure the latter's claims against MLP Logistic Park Germany I sp. z o.o. & Co. KG under the credit facility agreement of 16 September 2021.

## 26.6. Other security interests

- **Other security interests created in favour of Bank ING Bank Śląski S.A.:**
  - assignment of claims under insurance policy,
  - security deposit of EUR 85,000,
  - assignment of rights under lease contracts,
  - power of attorney to all accounts of the borrower,
  - agreement on establishment of cash security deposit in favour of ING Bank Śląski S.A. to secure repayment of the bank's claims under credit facility granted to MLP Poznań II Sp. z o.o., as well as related interest, commissions, fees and expenses,
  - signed annex to agreement on creation of financial and registered pledge over shares in MLP Poznań II Sp. z o.o.,
  - subordination of claims under subordination agreement,
  - sponsor obligations under support agreements.
- **On 9 May 2019, MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. entered into a credit facility agreement with ING Bank Śląski S.A., Powszechna Kasa Oszczędności Bank Polski S.A. and Industrial and Commercial Bank of China (Europe) S.A. Polish Branch, whereby the following security interests were created in favour of ING Bank Śląski S.A. as the security agent under the agreement:**
  - power of attorney over all accounts of each of the borrowers and power to issue instructions to block the accounts;
  - declaration on voluntary submission to enforcement by each borrower;
  - loan subordination agreement;
  - assignment of rights under insurance policies,
  - assignment of rights under assignment agreement;
  - assignment of rights under each borrower's lease contracts,
  - assignment of rights under guarantees provided by each borrower's tenants,
  - assignment of rights under subordinated loans,
  - assignment of rights under each borrower's future debt claims.
- **On 7 November 2019, MLP Pruszków V Sp. z o.o. entered into a credit facility agreement with BNP Paribas Bank Polska S.A., whereby the following security interests were created in favour of BNP Paribas Bank Polski S.A.:**
  - power of attorney to all accounts of the borrower,
  - assignment of rights under assignment agreement,

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



- deposit held in debt service account,
- obligations of the MLP Group S.A. as the sponsor under the Support Agreement with MLP Wrocław Sp. z o.o.
- **Other security interests created in favour of PEKAO S.A. under the facility agreement with MLP Pruszków II Sp. z o.o.:**
  - power of attorney to manage all bank accounts and hold on accounts,
  - obligations under support agreements,
  - assignment by way of security under assignment agreement,
  - statement of voluntary submission to enforcement,
  - subordination of claims under subordination agreement,
  - deposit held in debt service account,
  - obligations of the MLP Group S.A. as the sponsor under support agreements.
- **Other security interests created in favour of Bayerische Landesbank under the credit facility agreement with MLP Logistic Park Germany I sp. z o.o. & Co. KG:**
  - assignment of any rights and claims of the borrower arising on the sale of the property financed with the facility,
  - assignment of rights under secured lease contracts,
  - assignment of rights under secured construction contracts,
  - assignment of input VAT receivable,
  - subordination of claims under subordination agreement,
  - up to EUR 7,125,000.00 corporate guarantee provided by MLP Group S.A. to secure claims under the credit facility agreement.
- **Other security interests created in favour of OTP Bank Romania S.A. under the credit facility agreement with MLP Bucharest West SRL:**
  - assignment of rights under secured lease contracts,
  - assignment of rights under property insurance contract,
  - deposit held in debt service account.

## 26.7. Other contingent liabilities and commitments

- In 2012-2014, MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o. and MLP Pruszków III received decisions concerning change of perpetual usufruct charge. According to the decisions, as at 31 December 2021 the total amount potentially due was PLN 26,558 thousand. The management board of the companies does not accept the amount of the charge, and therefore the case was referred to the court. The *starostwo* did not take into account the expenses incurred by the companies.
- The Group recognised a provision for some of the potential claims of Pruszków Starost for change of the perpetual usufruct charge against MLP Pruszków III Sp. z o.o. in justified cases, in the amount of PLN 1,224 thousand.

## 27. Related-party transactions

### 27.1. Trade and other receivables and payables

The balances of trade and other payables and receivables arising from related-party transactions as at 31 December 2021 were as follows:

	Trade and other receivables	Trade and other payables <sup>1)</sup>
The Israel Land Development Company Ltd.	43	-
<b>Other related parties</b>		
Fenix Polska Sp. z o.o.	1	-
<b>Total</b>	<b>44</b>	<b>-</b>

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

	Trade and other receivables	Trade and other payables <sup>1)</sup>
The Israel Land Development Company Ltd.	274	-
<b>Other related parties</b>		
Fenix Polska Sp. z o.o.	5	-
<b>Total</b>	<b>279</b>	<b>-</b>

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

### 27.2. Loans and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 31 December 2021:

	Loans	Non-bank borrowings
<b>Other related parties</b>		
Fenix Polska Sp. z o.o.	20,483	(20,633)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	89	-
<b>Total</b>	<b>20,572</b>	<b>(20,633)</b>

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

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

### 27.3. Income and expenses

Below are presented income and expenses under related-party transactions for the 12 months ended 31 December 2021:

	Revenue	Purchase of services and salaries	Interest income	Interest expense
<b>Parent</b>				
The Israel Land Development Company Ltd.	204	-	-	-
	<b>204</b>	-	-	-
<b>Other related parties</b>				
Fenix Polska Sp. z o.o.	6	-	242	(256)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	1	-	4	-
	<b>7</b>	-	<b>246</b>	<b>(256)</b>
<b>Key management personnel</b>				
RTK CONSULTING, Radosław T. Krochta	-	(2,431)	-	-
ROMI CONSULTING, Michael Shapiro	-	(2,082)	-	-
PROFART, Tomasz Zabost	-	(1,995)	-	-
PEOB, Marcin Dobieszewski	-	(278)	-	-
Other key management personnel	-	(973)	-	-
	-	<b>(8,759)</b>	-	-
<b>Total</b>	<b>211</b>	<b>(8,759)</b>	<b>246</b>	<b>(256)</b>

Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B.V., which as at 31 December 2021 held 100% of shares in Fenix Polska Sp. z o.o. and 47.92% of the Group's share capital.

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

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

Total	211	(4,697)	548	(564)
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Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B.V., which as at 31 December 2020 held 100% of shares in Fenix Polska Sp. z o.o. and 56.98% of the Group's share capital.

## 28. Significant litigation and disputes

### 28.1. CreditForce Holding B.V

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

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

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

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

On 31 January 2020, the Company received a default judgment entered on 22 January 2020 by the Circuit Court in Warsaw, 26th Commercial Division, whereby the Court awarded EUR 865,777.48 (eight hundred and sixty-five thousand seven hundred and seventy-seven euro, 48/100), plus default interest accrued at the applicable statutory rate from September 29th 2018 to the date of payment, against the Company in favour of DEPENBROCK Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa of Komorniki, Poland ("DEPENBROCK"). The Court further awarded costs of PLN 115,017 (one hundred and fifteen thousand and seventeen złoty), including PLN 15,017 (fifteen thousand and seventeen złoty) in attorney's fees, to DEPENBROCK against the Company as well as making the judgment enforceable upon entry. On 13 February 2020, the Company filed a statement of opposition to the default judgment with a motion for stay of execution. The claims should be dismissed on the grounds that they are premature and thus unactionable. As a precaution, the Company also filed for set-off of mutual claims. From August 2020 to February 2021, mediation was held, however the parties failed to reach a settlement agreement. On 14 December 2021, the first hearing was held (online), at which the Court ruled that the claims were actionable and ordered to admit oral evidence from two witnesses for each Party. The Court has encouraged the Parties to settle. The next (online) hearing has been scheduled for 17 May 2022. At this stage of the proceedings, it is difficult to estimate the likelihood of the Company's objection being granted and DEPENBROCK's claims being dismissed.

On 18 August 2021, MLP Poznań Sp. z o.o. (the "Company" or the "Defendant") received a lawsuit. The case is pending at the Regional Court in Warsaw, 26th Commercial Division, case no. XXVI GC 1022/21. The plaintiff („Depenbrock Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa") has filed against the Company a claim for payment of EUR 183,250 as reimbursement of a security deposit retained under the construction contract of 23 March 2015.

The Company did not reimburse the amount in question due to the fact that on 11 February 2021 the Company and one of the MLP Group S.A. Group companies entered into a contract on fiduciary assignment of debt and assignment of debt collection, under which the Company purchased a claim of EUR 183,250. The plaintiff was notified of the assignment and in a letter of 12 February 2021 the Company made a statement on set-off of mutual claims, as a result of which both claims were cancelled.

After the objection to payments order was filled the case was referred to ordinary proceedings, the court hearing has not yet been scheduled.

## 29. Significant events during and subsequent to the reporting period

- On 2 February 2021, 5 March 2021, and 25 May 2021, ING Bank Śląski S.A. disbursed further tranches of the credit facility to MLP Poznań 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 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 and the disbursement of the subsequent tranche took place on 17 February 2022.
- On 22 April 2021, the Management Board of MLP Group S.A. passed a resolution to increase the Company's share capital through the issue of 1,653,384 Series E shares, with the pre-emptive rights of the Company's existing shareholders waived.

The Issuer concluded agreements with investors for subscription for 1,653,384 Series E shares at the issue price of PLN 75.00 (seventy-five złoty) per share, including an agreement with Israel Land Development Company Ltd. Bnei Brak, Israel for subscription of 1,001,000 Series E shares. The required cash contributions for all Series E Shares were paid in full. The Management Board made the final allotment of Series E Shares to the investors with whom it had signed subscription agreements.

- On 9 April 2021, four companies of the Group: MLP Lublin Sp. z o.o. of Pruszków, MLP Gliwice Sp. z o.o. of Pruszków, MLP Wrocław Sp. z o.o. of Pruszków, and MLP Teresin Sp. z o.o. of Pruszków (the "Borrowers"), executed a credit facility agreement with BNP Paribas Bank Polska S.A. of Warsaw oraz Powszechna Kasa Oszczędności Bank Polski S.A. of Warsaw. The facility amount is EUR 73,417,681.00, and the funds will be used to refinance the Borrowers' existing loans and to fund the Group's investment projects. The agreement provides that the principal will be repaid in equal instalments. The term of the agreement is six years from the signing date.
- 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 30 April 2021, each of 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 variable-to-fixed interest rate swap contracts with PKO BP S.A. Previous variable-to-fixed interest rate swap contracts concluded by the companies with Powszechna Kasa Oszczędności Bank Polski S.A. and Polska Kasa Opieki S.A. were terminated following repayment of the credit facilities contracted with those banks.
- On 13 August 2021, MLP Poznań West II Sp. z o.o. acquired land in Dąbrówka, with an area of 103,665 m<sup>2</sup>, to expand the MLP Poznań West logistics park. The target capacity of the land is 49,896 m<sup>2</sup>.
- On 19 July 2021, MLP Gelsenkirchen Sp. z o.o. & Co. KG acquired land with an area of 110,502 m<sup>2</sup> to build a new logistics park in Germany. The target capacity of the land is 44,982 m<sup>2</sup>.
- On 23 September 2021, MLP Bucharest West SRL of Bucharest (Romania) entered into a credit facility agreement with OTP Bank Romania SA of Bucharest (Romania). On 30 September 2021, the first tranche of the facility was disbursed.
- On 16 September 2021, MLP Logistic Park Germany I Sp. z o.o. & Co. KG executed a credit facility agreement with Bayerische 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 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 purpose of the issue was not specified. The bonds were registered with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) under ISIN number PLMLPGR00090 and since 17 November 2021 they are traded in the Catalyst alternative trading system. The bonds pay variable interest at 6M EURIBOR plus margin. The maturity date for the Series D bonds is 17 May 2024.
- 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.
- On 27 January 2022, an annex was signed to the credit facility agreement of 10 February 2021 between MLP Poznań West II sp. z o.o. and PKO BP S.A. to increase the amounts of the credit facilities available under the agreement, whereby the following security interests were modified, with their amounts increased, as follows:
  - (a) the contractual mortgage securing claims under the credit facility agreement was replaced with a joint contractual mortgage of up to EUR 76,662,271.50;
  - (b) the contractual mortgage securing claims under hedging contracts was replaced with a joint contractual mortgage, with the amount of the mortgage increased to EUR 74,705,494.50 for claims under the credit facility agreement with respect to the VAT facility;
  - (c) the amount of the registered pledge over MLP Group S.A. shares was increased to EUR 76,662,271.50;
  - (d) the amount of the ten registered pledges over bank accounts was increased to EUR 76,662,271.50;
  - (e) the amount of the registered pledge over the borrower's assets was increased to EUR 76,662,271.50;
  - (f) the amount of the sponsor's obligations under the Support Agreement was increased to EUR 5,767,885.20;
  - (g) the amounts enforceable under the statements of voluntary submission to enforcement by the borrower and the sole shareholder in the borrower were increased as appropriate.

In the period from the end of the reporting period to the date of authorisation of these consolidated financial statements for issue, no events occurred which should have been but were not included in the accounting books of the reporting period and the Group's consolidated financial statements of the Group.

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

The SARS-CoV-2 virus was first reported in late 2019. In subsequent periods, the virus spread across the world. In response, governments issued stay-at-home orders, introduced lockdowns and imposed other restrictions on business activity. In Poland, infections peaked in the first quarter of 2022, during the fifth wave of the pandemic, which was attributable primarily to the Omicron variant of the virus. According to experts, transmission of SARS-CoV-2 in the human population will continue in the foreseeable future. However, its impact on national economies will gradually diminish due to the prevalence of vaccination and the growing population immunity.

The warehousing sector has proven its high resilience to the recent COVID-19-related difficulties. The pandemic has changed the shopping habits of consumers, benefitting primarily the e-commerce and logistics/courier industries. Demand for warehouse space, including in large distribution centres, BTS (build to suit) projects, SBU facilities (small city warehouses), and courier hubs, has grown. Due to the congestion in global supply chains caused by the pandemic, a trend to nearshore certain manufacturing operations has also emerged. For the warehousing industry, this has translated into record-high numbers of new leases, amounts of new warehouse space delivered, and volume of new projects.

## 29.2. Impact of the situation in Ukraine on the operations of the MLP Group S.A. Group

In the second half of February 2022, Russia launched a military attack on Ukraine. At the time of issue of this report, the Management Board of the Company saw no major impact of the war in Poland's eastern neighbour on the Company's Polish, German, Romanian or Austrian operations. At the same time, it is difficult to predict long-term effects of the war. The armed conflict in Ukraine may have an adverse impact on local economies and the construction industry, manifesting itself in depreciation of local currencies, rising inflation, growing raw material and construction costs, staff shortages, disrupted supplies of products and materials, etc. On the other hand, it may increase demand for warehouse and manufacturing space. 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. In the opinion of the Management Board of the Company, this may increase demand for warehouse and logistics space offered by the Company.

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

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Remuneration of the Management Board:</b>			
Radosław T. Krochta		3,400	1,510
Michael Shapiro		2,065	958
Tomasz Zabost		1,978	1,024
Marcin Dobieszewski		278	274
		<b>7,721</b>	<b>3,766</b>

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Remuneration of the Supervisory Board:</b>			
• <b>Remuneration and other benefits</b>			
Maciej Matusiak		48	39
Eytan Levy		48	39
Shimshon Marfogel		48	39
Daniel Nimrodi		-	36
Guy Shapira		48	39
Piotr Chajderowski		48	39
Oded Setter		48	3
		<b>288</b>	<b>234</b>
<b>Total remuneration paid or due to members of management and supervisory bodies</b>		<b>8,009</b>	<b>4,000</b>

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Other key management personnel:</b>			
• Remuneration and other benefits			
		973	931
		<b>973</b>	<b>931</b>
<b>Total remuneration paid or due to members of management and supervisory bodies and key management personnel</b>		<b>8,982</b>	<b>4,931</b>

The note presents remuneration of members of the management and supervisory bodies for discharging the responsibilities of Management or Supervisory Board members, as well as the costs of services provided to other companies in the Group, and other management personnel.

Apart from the transactions described in the note above, members of the Management Board, the Supervisory Board and the other management personnel did not receive any other benefits from any of the Group companies.

### 31. Employees

	<i>for the year ended 31 December</i>	<b>2021</b>	<b>2020</b>
<b>Average headcount in the period</b>		29	27

*Signed with qualified electronic signature.*

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

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

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

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

*Pruszków, 16 March 2022*