MLP Group S.A. Group
Consolidated
Annual Report
for the year ended December 31st 2022

This document is a translation. Polish version prevails.

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www.mlpgroup.com

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Letter from President & CEO to Shareholders

Dear Fellow Shareholders,

We are facing challenges at every turn - in 2022, EU annual inflation reached the highest level ever measured at 9.2%. Compared with 2021, when the annual value was 2.9%. The supply shock was mainly driven by sharp increases in oil, gas and other commodities prices. Russian invasion of Ukraine affected both supply and demand. The increase in oil, gas and food prices was an inflationary and contractionary supply shock. The likely weakness of consumption and investment expenditures is a deflationary and contractionary demand shock. We do not know yet which effect will be larger and in what time perspective. In 2022, we observed a rapid increase in inflation while overall activity has not declined much. The Ukraine War shock hit at a time when the effects of the pandemic shock were still filtering through. Disentangling the impacts of each of these shocks is nearly impossible, so that interpreting the data is very hazardous.

Although I begin this annual letter to shareholders in a challenging landscape, I remain proud of what had been achieved in 2022. We had a very successful year. We delivered excellent results, both from an operational and financial point of view driven by strong leasing performance across Europe. Our modern, well-located and highly sustainable warehouses continue to be in high demand from a diverse range of occupiers, underpinned by long-term structural drivers. MLP Group has one of the best and most modern pan-European industrial warehouse portfolios, through which we can serve our customers' entire regional and local needs.

Our diversified group of tenants combined with prime portfolio of assets, excellent, well-located land bank give us the substantial potential for future development combined with industry expertise, customer focus and balance sheet capacity. Supply and availability of modern, sustainable warehouse space in the locations most desired by occupiers remain extremely limited across Europe. Vacancy levels are at historic lows and supply is likely to remain constrained given recent increases in financing.

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We are well poised to the upcoming economic cycle since occupational demand and rental performance in the industrial and logistics sector has remained strong, supported by long-term structural tailwinds and tight supply. In 2022 we saw massive increase in rentals, reaching double digit growth - never seen in the past - **that shall translate to strong performance results in 2023.**

Looking back on 2022, our main highlights include:

- **Value of investment properties increased to PLN 4.4 billion (EUR 945 million), + 31% yoy**
- Net Assets Value (NAV) increased to PLN 2 498.0 million (EUR 532.6 million), + 37% yoy
- NAV per share PLN 104.1 (EUR 22.2), + 22% yoy
- EBITDA without revaluation amounted to PLN 135.1 million (EUR 28.8 million), + 47% yoy
- **FFO amounted to PLN 86.8 million (EUR 18.5 million), + 59% yoy**
- Net profit amounted to PLN 422.4 million (EUR 90.1 million), - 12% yoy
- Lease agreements in 2022 for approx. 235 thousand sqm,

And key ratio performance metrics in 2022 compared to our competitors

	Country of origin	Like-for-Like rental growth	Rental revenue growth y/y	Portfolio valuation y/y	LTV
MLP GROUP		+10.0%	+31%	+30.0%	33%
ctp		+4.5%	+35%	+33.0%	45%
SEGRO		+6.7%	+19%	-11.0%	32%
WDP		+4.0%	+14.6%	+9.6%	35%
LOGICOR		+4.3%	+2.4%	-2.0%	48%

The quality and location of our portfolio is important to our tenants, but in our DNA we believe the high level of service we provide is crucial to maintaining high customer retention as well as low vacancy and the most importantly satisfaction. We carry out a rolling survey of our tenants throughout the year to identify and rectify issues promptly. **In 2022, we spoke to 160 tenants, and 93% said that they considered MLP as the most professional business partner.** We continually collaborate to pass on our experience and best practices to provide best possible support to all our tenants. Customer relationship management helps us develop long-term relations reaching even over 20 years. We continue to learn about and from our tenants to understand their businesses, improve our services and stand out from the competition.

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MLP GROUP – key developments in 2022

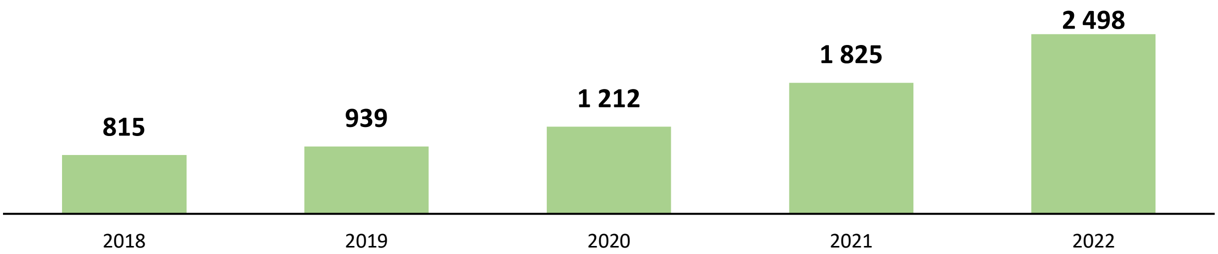
Value of investment properties

2022 was very successful year for us - we continued our strategy deployed in 2021 but from a much stronger equity position than we had in the past years.

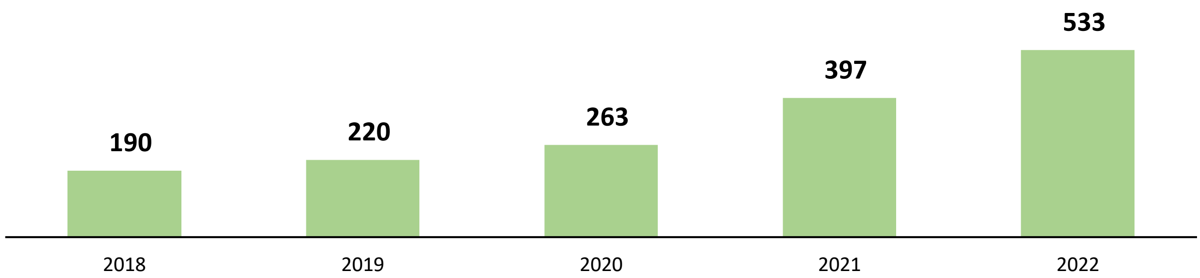
We remain on track to meet our target previously stated in 2021 in our strategic goals.

Net Assets Value (NAV) increased to PLN 2 498.0 million (EUR 532.6 million), + 37% yoy

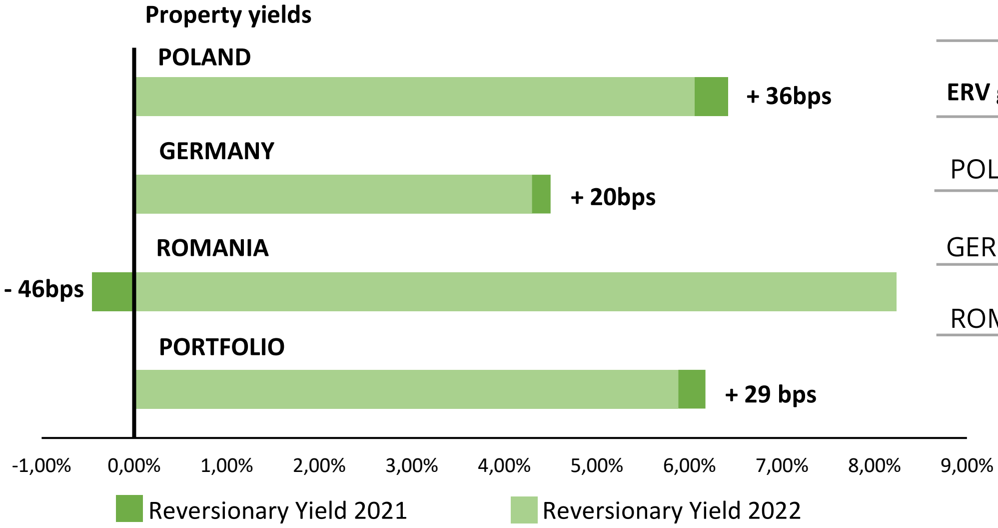
Net Assets Value (in mn PLN)



Net Assets Value (in mn EUR)



Yield widening significantly offset with increase in ERVS



ERV growth per country	
POLAND	+16.9%
GERMANY	+15.7
ROMANIA	+7.4%

MLP Group investment property valuation increased **to PLN 4.4 billion (EUR 945 million), + 31% yoy**, The slight yield expansion in 2H 2022 in Poland and Germany **was offset against substantial growth in ERW (estimated rental values).**

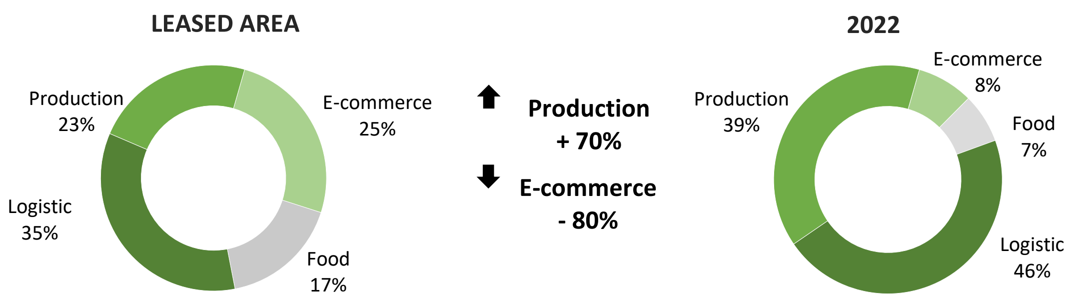
Leasing results

In 2022, we have leased 235 thousand sqm.

Our total portfolio reached 1 064 million sqm with 98% occupancy across all our assets and new space under development amounts to 119 thousand sqm. In 2022, we successfully continued our efforts to diversify our assets (Big-box logistic and Urban Logistic), tenants and geographies.

Our customer base remains well diversified, reflecting the multitude of uses of warehouse space. Top 10 tenants provide 42% of annual rental income. **Customers from the light manufacturing and logistics sector were the largest takers of our space during 2022**. We strongly believe that the trend of near-shoring will be maintained in 2023. In the last year, 65% of new leases was generated by existing MLPG tenants.

MLPG tenants' mix by sector



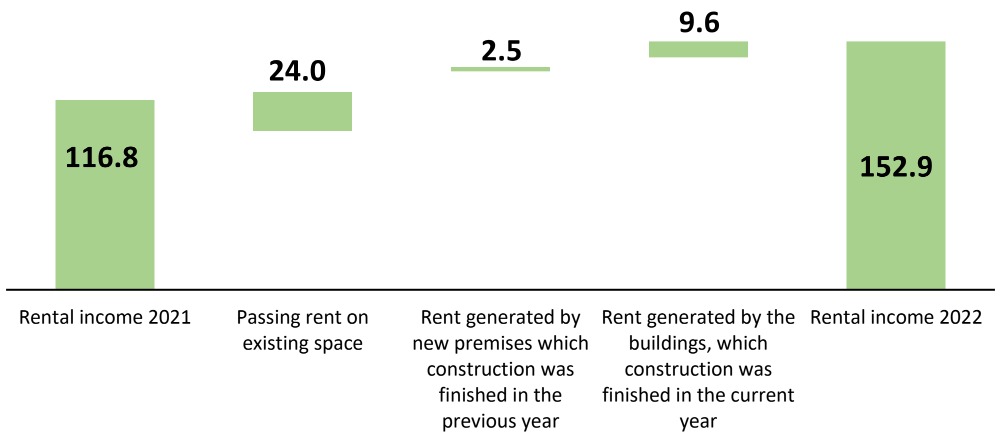
In 2022, we saw strong like-for-like rental growth of 10% during the year, signed 235 ths sqm of leases, with rental levels of **new leases averaging 16% above ERV**. We continue to see robust occupier demand combined with market vacancies close to historic lows in supply-constrained markets.

Moreover 2022 saw the delivery of approx. 226 thousands sqm of GLA in MLP Group portfolio, adding PLN 36.1 mn of contracted rent with the rent generated by the construction finished in previous year. Thanks to our profitable pipeline we continue to deliver positive revaluations with the high level of yield on cost – exceeding on average 10%, mobilizing our industry leading landbank, which we have been able to acquire at attractive prices.

Existing portfolio continues to perform well and delivered another set of strong operating metrics.

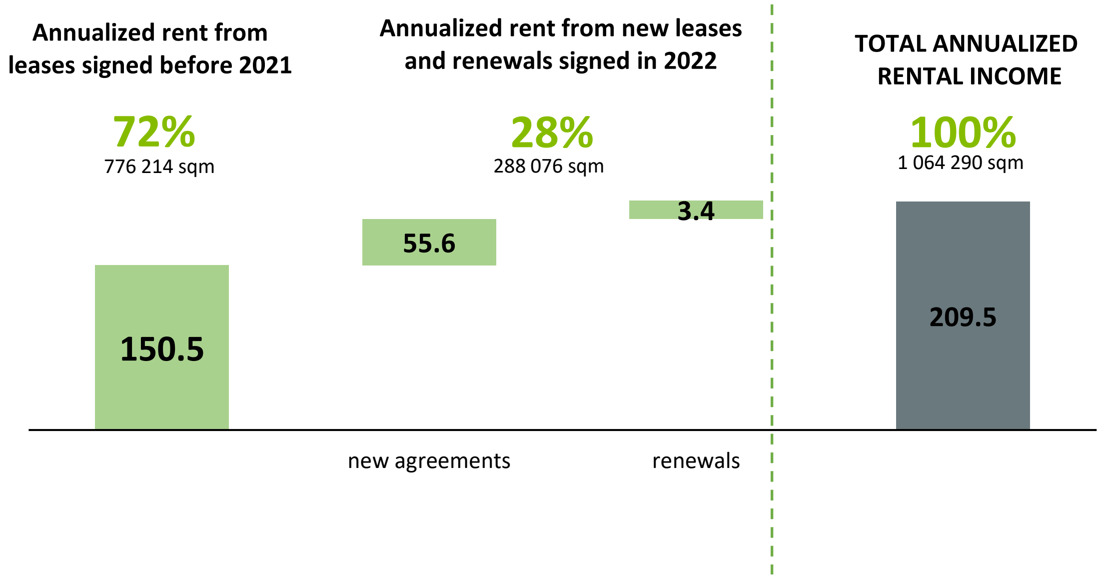
Strong tenants' portfolio – none of MLPG's tenants run into insolvency nor significant liquidity problems - very restrictive and conservative tenants acceptance policy brings sufficient level of comfort for economic slowdown. In addition, based on the tenant stress test we conducted, we do not expect any tenants to have any problems with paying rent on time - which only further confirms our very conservative customer acceptance policy brings expected results.

Break-down of the rental income of 2022 (in mn PLN)



At 31 December 2022, our portfolio generated passing rent of PLN 152.9 million. During the year, we contracted PLN 36.1 million of new headline rent. We increased the rent from our existing space significantly by capturing reversionary potential and due to the impact of indexation. Strong occupier demand for new space also helped us sign a high number of pre-let agreements for delivery over the next two years.

Annualized future rental income based on all signed contracts (in mn PLN)



- PLN 150.5 million of rent from existing assets from contracts signed by 2021.
- Rental growth from new lease reviews and renewals generated PLN 59 million. We observed continued strong demand from customers for pre-let agreements. We contracted PLN 59 million of headline rent from pre-let agreements and lettings of speculative developments prior to completion (2021: PLN 46 million). The substantial growth vs. previous year was a result of the market rental growth.
- **Customer retention rate stayed at 100%**

Financial standing of MLP Group

In line with our conservative financial approach, MLP Group benefits from a solid liquidity position to fund its growth ambitions, with a fixed cost of debt and conservative repayment profile. Considering the current geopolitical situation and high volatility in the economy, we are very well prepared for the current challenges.

- Issue of shares PLN 183.5 million (issue of 2 621 343 shares at PLN 70 at par)
- **100% lease agreements indexed with CPI for EUR without any cap (indexed once a year in February).**
- All rentals are denominated in EUR or are directly expressed in EUR, which significantly reduces our exposure to the currency risk.
- Almost 80% of loans are hedged with IRS for the next 5 years, resulting in limited interest rates' exposure.
- 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
- **98% timely rent collection across our portfolio**
- Strong cash flow position
    - LTV at 33.1%, the highest interest coverage ratio at 3.3 x ICR
    - Long debt maturity ratio of 5.1 years
    - FFO amounted to PLN 86.8 million (EUR 18.5 million), + 59% yoy

MLP Group has a very good financial standing and a safe capital structure enabling the implementation of long-term strategic goals. With the modest leverage, long-average debt maturity of 5.1 years, no near-term refinancing requirements and virtually entire debt at fixed or capped rates, we have significant financial flexibility to continue to invest capital in the development and acquisition opportunities that offer the most attractive risk-adjusted returns.

MLP Group plans for 2023

Let me start with this adage - all of our knowledge is about the past and all our decisions are about the future, which is unknown by definition.

Occupier demand for warehouse space across all markets where we operate, is unbroken and the combination of, near-shoring, continuing e-commerce demand and restructuring of supply chains are expected to further drive the demand. Our space is flexible and can be adapted to suit businesses from many different industries which, when coupled with our relentless focus on customer service through our market-leading operating platform, is reflected in high customer satisfaction and retention rates, as well as our asset management and leasing performance.

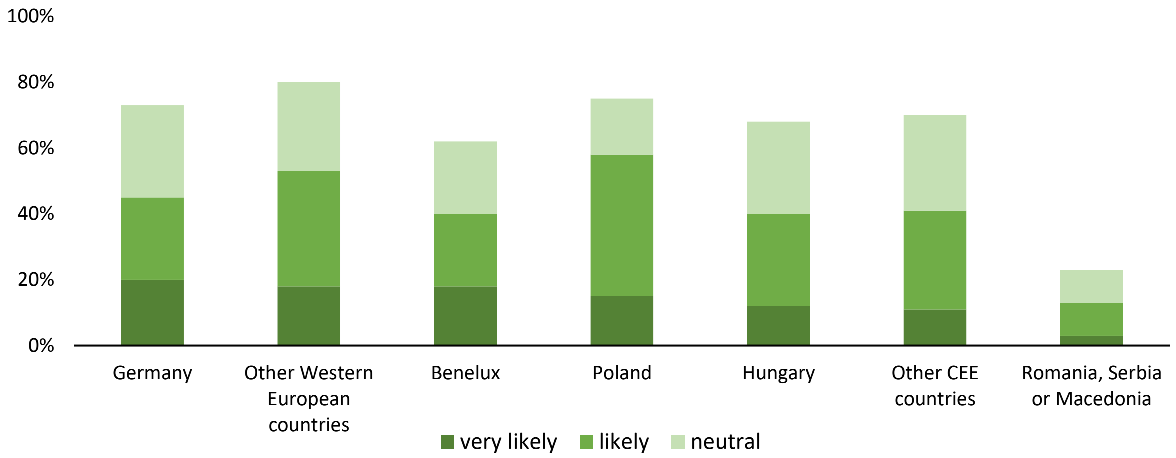
We expect this contrast between positive demand and limited supply to drive further growth in rental levels.

Main drivers of the demand for logistic space are:

- Low availability of vacant space will remain critical, high rate of pre-lets for new projects
- No signs that supply and demand will come into equilibrium in the short term
- Rents are likely to continue the growth course with demand expected to remain high, it is expected that prime rents will tend to rise over the next quarters
- Increased activity from 3PL
- Near-shoring (partial moving of manufacturing activity form Asia to Europe) and production occupier demand remaining strong across Europe.
- Energy costs, ESG and carbon neutrality will become more important

The main trigger affecting the demand for industrial space in 2023 and in the following years will be near-shoring. MLP Group is very well poised to respond to the market demand with very high technical competence of our team in Europe and a portfolio of plots located near major urban agglomerations with access to workforce.

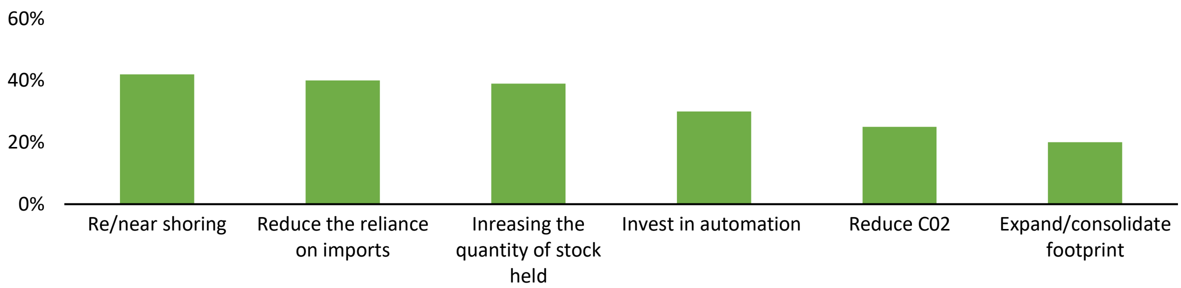
Geographical locations considered for near-shoring



Source: BCI Global 2022

Demand in 2023 will be conditioned by a number of factors - apart from near-shoring, the second important trend will be the security and resilience of supply chains.

Occupiers strategy to manage supply chain over next 3 years



Source: Savills, European Real Estate Logistics Consensus

Valuation: what to expect in 2023 - forecasting yields over any period is unquestionably difficult given the multitude of economic and financial drivers (particularly interest rates and credit spreads), most of which are outside our direct control. Nevertheless, the operating prospects for our portfolio are strong, supported by structural drivers of occupational demand and limited supply (vacancy rate at the lowest level ever) and **substantial growth in rental rates and ERV (estimated rental values).** Therefore, we are optimistic about the potential for further rental value growth, particularly in our urban warehouse portfolio.

MLP development plan in 2023

Our strategic goal is to constantly expand the warehouse portfolio. In 2023, capital expenditure (CAPEX) will amount to approximately EUR 150-200 million, of which approximately 30% will be allocated to plots' purchases. We plan to lease 250 thousand sqm of the new warehouse space.

Most importantly, we will continue our development in Germany, where we are systematically increasing our portfolio of projects. We intend to lease MLP Idstein (Frankfurt am Main area), MLP Business Park Schalke and MLP Business Park Niederrhein. We plan to strengthen and expand our presence in the regions where we are already present i.e. Ruhr area, Brandenburg and Hessen land. Further development on the German market is a key point of our strategy.

Austria is also among the most important markets for us. This year will mark the start of construction of our first project - MLP Business Park Wien. The success of this project is already spectacular - before the start of construction, we see a huge interest in leasing space in this project (demand exceeds 150% of lease area). Bearing in mind the potential of the Viennese market, we are planning to acquire additional 2 plots in Vienna, which are now under analysis and due diligence process.

Last but not least, the Polish market remains crucial for MLP Group, and we will continuously increase our offer in key logistics regions. In 2023, we start the development of MLP Business Park Łódź, MLP Business Park Poznań and possibly MLP Business Park Wroclaw. In parallel, we will start several big-box logistic project such as MLP Poznań West extension, MLP Pruszków extension (the biggest logistic park in Warsaw area), MLP Łódź, MLP Gorzów and MLP Zgorzelec (wester border of Poland) and new project on eastern border of Poland close to Ukraine. All that area shall increase our existing portfolio by 250,000 sqm of newly built logistic area.

Urban/city logistics projects (MLP Business Park) as will be of our focused in 2023 a high growth potential, high profitability and resilient to economical downturns products – addressing the retail evolution (e-commerce) with: smaller units, less than 2500 sqm, located within or close to city boundaries with easy access to labour and public transportation. City Logistics products are better accepted by municipalities in comparison to Big-Box as it is served with less heavy trucks and provide more employments opportunities for white and blue collar personnel. Additionally, we will be continuing the development of big-box projects primary addressing ecommerce development and light industry requirements following the increased demand generated by moving manufacturing from Asia to Europe.

MLP Group replenishes its landbank on a continual basis. We focus on acquiring development sites that are adjacent to existing parks, or in sought-after locations with proximity to strong logistics hubs and transport corridors and large, densely populated cities. In 2022, MLP Group acquired approx. 377,000 thousand sqm (excl. options), focusing particularly on sites within core markets across Europe.

MLP Group activities are particularly focused on environmental protection and achieving zero CO_2 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 9 to 10,5 GWh of green energy in 2024.**

In 2023, 85% of our Polish projects will obtain BREEAM certificate at the Excellent or Very good level and DGNB Gold or Platinum certificate on the German and Austrian market. Remaining 20% of Polish projects with lower notes will be improved to min. **VERY good level in 2024**.

In closing

I would like to express my deep gratitude and appreciation to all employees. From this letter, I hope shareholders and all readers gain an appreciation for the tremendous character and capabilities of MLP Group's team and I hope you are as proud of them as I am.

Finally, I sincerely hope that all the European Union citizens see an end to terrible COVID-19 pandemic, see an end to the war in Ukraine, and see a renaissance of a world on the path to peace and democracy.

2022 might not have been the year that we all expected, but our business has shown its quality and resilience and has continued to deliver value. I am proud of how everyone at MLP Group has come together and worked hard to make this happen.

Radosław T. Krochta

President & CEO of MLP Group

I. Statement of the Management Board

The consolidated financial statements of the MLP Group S.A. Group ("the Group") for the period from 1 January 2022 to 31 December 2022 and the comparative data for the period from 1 January 2021 to 31 December 2021 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 by the Management Board and the person responsible for keeping books of account with qualified digital signatures.

Pruszków, 17 March 2023

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

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

	31 December 2022	31 December 2021
Average mid exchange rate during the reporting period *	4.6883	4.5775
Mid exchange rate on the last day of the reporting period	4.6899	4.5994

** 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	2022		2021	
	PLN '000	**EUR '000**	**PLN '000**	**EUR '000**
Non-current assets	4,575,262	975,557	3,457,071	751,635
Current assets	414,876	88,462	328,483	71,419
Total assets	**4,990,138**	**1,064,019**	**3,785,554**	**823,054**
Non-current liabilities	2,219,946	473,347	1,722,350	374,473
Current liabilities	272,241	58,048	238,683	51,894
Equity, including:	2,497,951	532,624	1,824,521	396,687
Share capital	5,999	1,279	5,344	1,162
Total equity and liabilities	**4,990,138**	**1,064,019**	**3,785,554**	**823,054**
Number of shares	23,994,982	23,994,982	21,373,639	21,373,639
Book value per share and diluted book value per share attributable to owners of the parent (PLN)	104.10	22.20	85.36	18.56

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:

for the year ended 31 December	2022		2021	
	PLN '000	EUR '000	PLN '000	EUR '000
Revenue	279,073	59,525	200,588	43,820
Other income	3,041	649	2,460	537
Gain on revaluation of investment property	455,565	97,171	540,323	118,039
Distribution costs and administrative expenses	(136,645)	(29,146)	(108,331)	(23,666)
Operating profit	590,216	125,891	632,254	138,122
Profit before tax	529,092	112,854	599,455	130,957
Net profit	**422,390**	**90,094**	**480,470**	**104,963**
Total comprehensive income	491,452	104,825	489,204	106,871
Net profit attributable to owners of the parent	422,390	90,094	480,470	104,963
Earnings per share and diluted earnings per share attributable to owners of the Parent (PLN)	19.69	4.00	23.23	5.07

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:

for the year ended 31 December	2022		2021	
	PLN '000	EUR '000	PLN '000	EUR '000
Net cash from operating activities	164,653	35,120	164,742	35,990
Cash from investing activities	(508,612)	(108,485)	(569,827)	(124,484)
Cash from financing activities	477,282	101,803	421,477	92,076
Total cash flows, net of exchange differences	133,323	28,438	16,392	3,581
Total cash flows	137,966	29,428	14,225	3,108

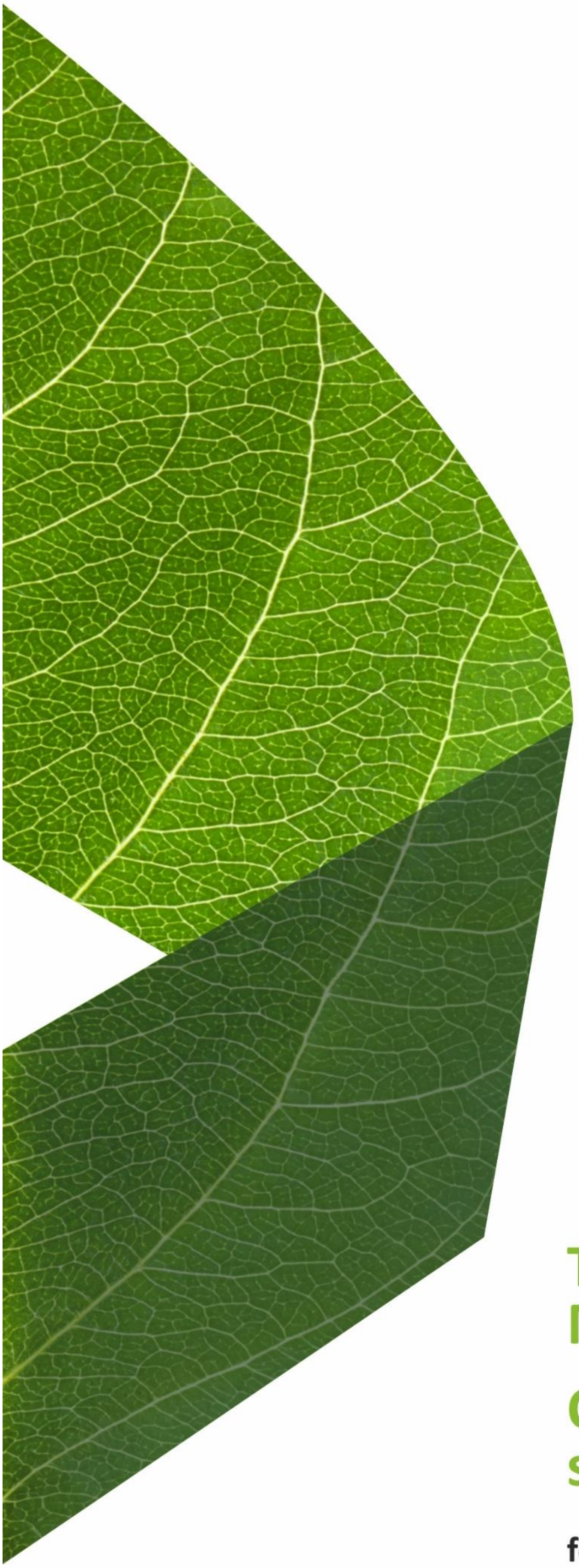
The data in the consolidated statement of cash flows was translated at the average euro exchange rate calculated as the arithmetic mean of the mid exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period.

as at 31 December	2022		2021	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash at beginning of period	177,234	38,534	163,009	35,323
Cash at end of period	315,200	67,208	177,234	38,534

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 2020 was 4.6148.



The Group MLP Group S.A.

Consolidated financial statements

for the year ended December 31st 2022

prepared in accordance with EU IFRS

III. Consolidated financial statements of the MLP Group S.A. Group for the year ended 31 December 2022

Authorisation of the consolidated financial statements for issue

On 17 March 2023, 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 2022 to 31 December 2022.

The Consolidated Financial Statements for the period from 1 January 2022 to 31 December 2022 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 2022, showing a net profit of PLN 422,390 thousand.

2. Consolidated statement of financial position as at 31 December 2022, showing total assets and total equity and liabilities of PLN 4,990,138 thousand.

3. Consolidated statement of cash flows for the period from 1 January to 31 December 2022, showing a net increase in cash of PLN 137,966 thousand.

4. Statement of changes in consolidated equity for the period from 1 January to 31 December 2022, showing an increase in consolidated equity of PLN 673,430 thousand.

5. Notes to the Consolidated Financial Statements.

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

Signed by the Management Board with qualified digital signatures.

MLP Group S.A. Group Consolidated report for the year ended 31 December 2022 • Consolidated financial statements for the year ended 31 December 2022 (all amounts in PLN thousand, unless indicated otherwise)

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December	Note	2022	2021
Revenue	6	279,073	200,588
Other income	7	3,041	2,460
Gain on revaluation of investment property	12	455,565	540,323
Distribution costs and administrative expenses	9	(136,645)	(108,331)
Other expenses	8	(10,818)	(2,786)
Operating profit		**590,216**	**632,254**
Finance income	10	755	3,120
Finance costs	10	(61,879)	(35,919)
Net finance costs		**(61,124)**	**(32,799)**
Profit before tax		**529,092**	**599,455**
Income tax	11	(106,702)	(118,985)
Profit from continuing operations		**422,390**	**480,470**
Net profit		**422,390**	**480,470**
Net profit attributable to:			
Owners of the Parent		**422,390**	**480,470**
Other comprehensive income that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2,970	49
Effective portion of changes in fair value of cash flow hedges		81,595	10,722
Other comprehensive income that will be reclassified to profit or loss, before tax		84,565	10,771
Other comprehensive income, gross		84,565	10,771
Income tax on other comprehensive income *that will be reclassified to profit or loss*		(15,503)	(2,037)
Other comprehensive income, net		69,062	(8,734)
Total comprehensive income		**491,452**	**489,204**
Comprehensive income attributable to:			
Owners of the Parent		**491,452**	**489,204**

Earnings per ordinary share:

- Basic earnings per share from continuing operations	19.69	23.23
- Earnings per ordinary share	19.69	23.23
Diluted earnings per ordinary share:		
- Diluted earnings per share from continuing operations	19.69	23.23
Diluted earnings per ordinary share	19.69	23.23

MLP Group S.A. Group Consolidated report for the year ended 31 December 2022 • Consolidated financial statements for the year ended 31 December 2022 (all amounts in PLN thousand, unless indicated otherwise)

Consolidated statement of financial position

as at 31 December	Note	2022	2021
Non-current assets			
Property, plant and equipment		9,906	3,276
Intangible assets		59	138
Investment property	12	4,432,975	3,394,504
Other long-term financial investments	14	127,873	53,887
Other non-current assets	15	882	939
Deferred tax assets	13	3,567	4,327
Total non-current assets		**4,575,262**	**3,457,071**
Current assets			
Inventories		-	19
Short-term investments	14	-	71,380
Income tax receivable	16	808	2,003
Trade and other receivables	16	91,810	74,346
Other short-term investments	14	7,058	3,501
Cash and cash equivalents	17	315,200	177,234
Current assets other than held for sale or distribution to owners		**414,876**	**328,483**
Total current assets		**414,876**	**328,483**
TOTAL ASSETS		**4,990,138**	**3,785,554**
Equity	19		
Share capital		5,999	5,344
Share premium		485,348	304,025
Cash flow hedge reserve		62,058	(4,034)
Translation reserve		3,696	726
Retained earnings, including:		1,940,850	1,518,460
Capital reserve		*83,680*	*83,680*
Statutory reserve funds		*168,129*	*154,575*
Profit (loss) brought forward		*1,266,651*	*799,735*
Net profit		*422,390*	*480,470*
Equity attributable to owners of the parent		**2,497,951**	**1,824,521**
Total equity		**2,497,951**	**1,824,521**
Non-current liabilities			
Borrowings and other debt instruments	21.1	1,764,320	1,369,873
Deferred tax liability	13	400,567	294,180
Other non-current liabilities	21.1	55,059	58,297
Total non-current liabilities		**2,219,946**	**1,722,350**
Current liabilities			

Borrowings and other debt instruments	21.2	92,165	121,222
Employee benefit obligations	22	2,071	5,928
Income tax payable	23	10,014	3,210
Trade and other payables	23	167,991	108,323
Current liabilities other than held for sale		**272,241**	**238,683**
Total current liabilities		**272,241**	**238,683**
Total liabilities		**2,492,187**	**1,961,033**
TOTAL EQUITY AND LIABILITIES		**4,990,138**	**3,785,554**

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Consolidated statement of cash flows

for the year ended 31 December	Note	2022	2021
Cash flows from operating activities			
Profit before tax		**529,092**	**599,455**
Total adjustments:		*(357,380)*	*(427,497)*
Depreciation and amortisation		425	152
Change in fair value of investment properties		(455,565)	(540,323)
Net interest		37,606	30,439
Exchange differences		14,049	(1,020)
Other		57	(248)
Change in receivables	19.2	(13,356)	23,816
Change in current and other liabilities	19.3	59,404	59,687
Cash from operating activities		**171,712**	**171,958**
Income tax paid		(7,059)	(7,216)
Net cash from operating activities		**164,653**	**164,742**
Cash flows from investing activities			
Interest received		3,914	3,347
Repayment of loans	19.1	2,818	9,336
Purchase of investment property, property, plant and equipment and intangible assets		(581,304)	(533,289)
Sale of investment property	19.4	-	32
Proceeds from disposal of other investments in financial assets		70,834	103,381
Purchase of other financial assets		-	(154,600)
Other proceeds from (expenditure on) investments		(4,874)	1,966
Cash from investing activities		**(508,612)**	**(569,827)**
Cash flows from financing activities			
Increase in borrowings	19.1	440,112	463,086
Repayment of bank and non-bank borrowings, including refinanced bank borrowings	19.1	(41,364)	(224,756)
Net proceeds from issue of shares		181,978	123,585
Redemption of bonds		(94,118)	0
Issue of debt securities		28,547	93,304
Interest paid		(37,873)	(33,742)
Cash from financing activities		**477,282**	**421,477**
Total cash flows, net of exchange differences		**133,323**	**54,279**
Effect of exchange differences on cash and cash equivalents		4,643	6,684
Total cash flows		**137,966**	**14,225**
Cash and cash equivalents at beginning of period	18	**177,234**	**163,009**
Cash and cash equivalents at end of period	18	**315,200**	**177,234**

(all data in PLN thousand, unless stated otherwise)

Statement of changes in consolidated equity

	Share capital	Share premium	Cash flow hedge reserve	Translation reserve	Total retained earnings	*including capital reserve*	*including reserve funds*	*including profit carried forward*	*including net profit*	Total equity attributable to owners of the parent	Total equity
As at 1 January 2022	**5,344**	**304,025**	**(4,034)**	**726**	**1,518,460**	**83,680**	**154,575**	**799,735**	**0**	**1,824,521**	**1,824,521**
Comprehensive income:											
Net profit/(loss)	0	0	0	0	422,390	0	0	0	422,390	422,390	**422,390**
Total other comprehensive income	0	0	66,092	2,970	0	0	0	0	0	69,062	**69,062**
Comprehensive income for the year ended 31 December 2022	**0**	**0**	**66,092**	**2,970**	**422,390**	**0**	**0**	**0**	**422,390**	**491,452**	**491,452**
Increase in equity due to share issue 1)	655	181,323	0	0	0	0	0	0	0	181,978	181,978
Distribution of net profit	-	-	-	-	-	-	13,554	466,916	(480,470)	-	-
Changes in equity	**655**	**181,323**	**66,092**	**2,970**	**422,390**	**0**	**13,554**	**466,916**	**422,390**	**673,430**	**673,430**
As at 31 December 2022	**5,999**	**485,348**	**62,058**	**3,696**	**1,940,850**	**83,680**	**168,129**	**1,266,651**	**422,390**	**2,497,951**	**2,497,951**

1) On 8 May 2022, the Company increased its share capital by PLN 655,335.80 through the issue of new Series E shares. The District Court for the Capital City of Warsaw registered the capital increase on 22 December 2022.

(all data in PLN thousand, unless stated otherwise)

	Share capital	**Share premium**	**Cash flow hedge reserve**	**Translation reserve**	**Total retained earnings**	***including capital reserve***	***including reserve funds***	***including profit carried forward***	***including net profit***	**Total equity attributable to owners of the parent**	**Total equity**
As at 1 January 2021	**4,931**	**180,853**	**(12,719)**	**2,095**	**1,036,572**	**83,680**	**154,575**	**798,317**	**0**	**1,211,732**	**1,211,732**
<u>Comprehensive income:</u>											
Net profit/(loss)	0	0	0	0	480,470	0	0	0	480,470	480,470	**480,470**
Total other comprehensive income	0	0	8,685	(1,369)	1,418	*0*	*0*	1,418		8,734	**8,734**
Total comprehensive income for the year ended 31 December 2021	**0**	**0**	**8,655**	**(1,369)**	**481,888**	**0**	**0**	**1,418**	**480,470**	**489,204**	**489,204**
Distribution of net profit											
Increase in equity due to share issue [1)]				0	0	0	0				
Changes in equity	**413**	**123,172**	**8,655**	**(1,369)**	**481,888**	***0***	***0***	**1,418**	**480,470**	**612,789**	**612,789**
Equity as at 31 December 2021	**5,344**	**304,025**	**(4,034)**	**726**	**1,518,460**	**83,680**	**154,575**	**799,735**	**480,470**	**1,824,521**	**1,824,521**

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 in Pruszków. The office is located at ul. 3-go Maja 8.

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

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

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

Management Board:

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

On 26 July 2022, the Supervisory Board resolved to appoint Ms Monika Dobosz and Ms Agnieszka Góźdź as Members of the Company's 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 54 subsidiaries.

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

The ultimate parent is Israel Land Development Company Ltd. (headquartered in Tel Aviv, Israel), whose shares are listed on the Tel Aviv Stock Exchange.

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

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

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As at 31 December 2022, the Group comprised the following entities:

Entity	Country of registration	Parent's direct and indirect equity interest		Parent's direct and indirect voting interest	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
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 S.K.A.	Poland	100%	100%	100%	100%
Feniks Obrót Sp. z o.o. [10)]	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 S.K.A.	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%

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Entity	Country of registration	Parent's direct and indirect equity interest		Parent's direct and indirect voting interest	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
MLP Business Park Berlin I GP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Łódź II Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Poznań East Sp. z o.o. [5)]	Poland	100%	100%	100%	100.00%
MLP Schwalmtal LP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Schwalmtal GP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Pruszków VI Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100.00%
MLP Schwalmtal Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100.00%
MLP Business Park Wien GmbH	Austria	100%	100%	100%	100.00%
MLP Wrocław West I Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Gelsenkirchen GP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Gelsenkirchen LP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Gelsenkirchen Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100.00%
MLP Gorzów Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Idstein LP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Idstein GP Sp. z o.o.	Poland	100%	100%	100%	100.00%
MLP Idstein Sp. z o.o. & Co. KG	Germany	100%	100%	100%	100.00%
MLP Business Park Trebur GP Sp. z o.o. [1)]	Poland	100%	-	100%	0.00%
MLP Business Park Trebur LP Sp. z o.o. [2)]	Poland	100%	-	100%	0.00%
MLP Business Park Trebur Sp. z o.o. &Co. KG [3)]	Germany	100%	-	100%	0.00%
MLP Poznań West III Sp. z o.o. [4)]	Poland	100%	-	100%	0.00%

1.3. Changes in the Group

[1)] On 16 February 2022, MLP Schwäbisch Gmünd GP Sp. z o.o. was established. All shares in the 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 22 March 2022. On 14 June 2022, the Extraordinary General Meeting of the company resolved to rename it MLP Business Park Trebur GP Sp. z o.o. The change in the company's name was entered in the National Court Register on 23 June 2022.

[2)] On 16 February 2022, MLP Schwäbisch Gmünd LP Sp. z o.o. was established. All shares in the 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 March 2022. On 14 June 2022, the Extraordinary General Meeting of the company resolved to rename it MLP Business Park Trebur LP Sp. z o.o. The change in the company's name was entered in the National Court Register on 22 June 2022.

[3)] MLP Business Park Trebur Sp. z o.o. &Co. KG was established pursuant to a notarial deed of 6 July 2022, with MLP Business Park Trebur LP Sp. z o.o. as the limited partner and MLP Business Park Trebur GP Sp. z o.o. as the general partner.

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4) MLP Poznań West III Sp. z o.o. was incorporated pursuant to a notarial deed of 14 December 2022. All shares in the 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 4 January 2023.

5) On 16 January 2023, the change of the name of MLP Poznań East Sp. z o.o. to MLP Zgorzelec Sp. z o.o. was registered.

The Consolidated Financial Statements for the year ended 31 December 2022 includes financial statements of the Parent and of the subsidiaries controlled by the Parent ("the Group").

1.4. Shareholding structure of the Parent

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

From the date of issue of the most recent interim report to the reporting date there were no changes in direct or indirect holdings of 5% or more of total voting rights in the Company, and as at 31 December 2022 the holdings were:

Shareholder	Number of shares and voting rights	% interest in equity and voting rights
CAJAMARCA Holland BV	10,242,726	42.69%
Other shareholders	4,183,253	17.44%
Israel Land Development Company Ltd. 2)	3,016,329	12.57%
THESINGER LIMITED	1,771,320	7.38%
Allianz OFE, Allianz DFE and Drugi Allianz OFE	1,714,881	7.15%
OFE NNLife 3)	1,656,022	6.90%
GRACECUP TRADING LIMITED	641,558	2.67%
MIRO LTD. 4)	617,658	2.57%
Shimshon Marfogel	149,155	0.62%
Oded Setter 1)	2,080	0.0087%
Total	**23,994,982**	**100.00%**

On 8 December 2022, the Parent issued 2,621,343 Series E shares with a total par value of PLN 655,335.75 (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 23,994,982.

1) On 12 January 2022, 30 March 2022 and 8 January 2022, Oded Setter, member of the Supervisory Board, acquired 420, 640 and 600 ordinary shares, respectively, representing in total 0.0077% of the share capital and 1,660 voting rights, or 0.0077% of total voting rights.

2) On 13 May 2022 Israel Land Development Company Ltd. with its registered office in Bnei Brak, Israel acquired 100 ordinary shares increasing its holding to 1,933,619 Company shares, which after the changes constitutes 9.05% of the share capital and carries 1,933,619 voting rights, i.e., 9.05% of the total number of voting rights.

Furthermore, on December 8 2022, as part of the issuance of Series F shares, 1,082,710 shares were subscribed for by Israel Land Development Company Ltd. As a result, the shareholder increased its holding to 3,016,329 Company shares, representing 12.57% of the Company's share capital and conferring the right to 3,016,329 votes, i.e., 12.57% of total voting rights.

As at 31 December 2022, Israel Land Development Company Ltd. held an indirect interest of 28.73% in the share capital of MLP Group S.A. through:

(a) RRN Holdings Ltd. (66.69% equity interest), which holds a 75% interest in the share capital of Cajamarca Holland B.V. (economic interest of 21.35%);

b) 100% of the share capital held by Thesinger Limited (economic interest of 7.38%).

Therefore, Israel Land Development Company LTD. holds a total effective economic interest of 41.30% in the share capital of MLP Group S.A.

3) Previous name MetLife OFE – as of 1 February 2023 managed by Generali Powszechne Towarzystwo Emerytalne S.A.; the number of shares held as of 1 February 2023 was 1,591,360.

4) On December 8, 2022, 65,533 Series F shares were acquired by MIRO Ltd. as part of the issue. This increased the shareholder's interest in the Company to 617,658 shares, which represents 2.57% of the share capital and confers the right to 617,658 votes, or 2.57% of total voting rights.

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

On 8 December 2022, MIRO Ltd acquired 65,533 ordinary shares, representing 0.27% of the share capital and 65,533 voting rights, or 0.27% of total voting rights. As at 31 December 2022, Michael Shapiro, Vice President of the Management Board, held indirectly, through his fully-controlled company MIRO Ltd., a 2.57% interest in MLP Group S.A.'s share capital, and, through a 25% interest in the share capital held by MIRO Ltd. in Cajamarca Holland B.V., Mr Shapiro was the beneficial owner of 10.67% of the share capital of MLP Group S.A. Therefore, in aggregate, Mr Shapiro was the beneficial owner of a 13.24% interest in the share capital of MLP Group S.A.

Eytan Levy indirectly holds a 10.67% interest in MLP Group S.A.'s share capital: Mr. Levy holds a 100% interest in N Towards the Next Millennium Ltd. This company holds a 33.33% (1/3) interest in RRN Holdings Ltd. which in turn holds a 75% interest in the share capital of Cajamarca Holland B.V., resulting in a 10.67% interest in MLP Group S.A.'s share capital.

As at 31 December 2022, Shimshon Marfogel, Chairman of the Supervisory Board, held directly, through the Company shares acquired in September 2017, 0.62% of the Company's share capital.

As at 31 December 2022, Oded Setter, member of the Supervisory Board, held directly, through the Company shares acquired in September 2021, October 2021, January 2022, March 2022 and June 2022, 0.0087% of the Company's share capital.

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

2. Basis of accounting used in preparing the Consolidated Financial Statements

2.1. Statement of compliance

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

2.2. Status of Standards approval in the European Union

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

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

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Standards and interpretations endorsed by the European Union which are not yet effective for annual periods	Potential impact on the Consolidated financial statements	Effective date for periods beginning on or after the date
IFRS 17 Insurance Contracts and amendments to IFRS 17	no impact	1 January 2023
Amendment to IAS 1 *Presentation of Financial Statements* and the *IASB Practice Statement on Disclosure of Accounting Policies*	no significant impact	1 January 2023
Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	no significant impact	1 January 2023
Amendments to IAS 12 *Income Taxes*	no significant impact	1 January 2023
IFRS 16 *Leases*	no significant impact	1 January 2024
Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*	no significant impact	1 January 2024
Amendments to IFRS 10 and IAS 28 concerning sale or contribution of assets between an investor and its associate or joint venture	no impact	by decision of the European Union, implementation is postponed
IFRS 14 *Regulatory Deferral Accounts*	no impact	by decision of the European Union, implementation is postponed

2.2.2 Standards and interpretations endorsed by the European Union effective as of 1 January 2022

The following new standards are applied for the first time in the Group's consolidated financial statements for 2022:

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
IFRS 3 *Business Combinations*	no impact	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment*	no significant impact	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	no significant impact	1 January 2022
Annual Improvements to International Financial Reporting Standards 2018-2020 Cycle, including: IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture*, and illustrative examples to IFRS 16 *Leases*	no significant impact	1 January 2022

2.3. Basis of accounting used in preparing 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.

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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 2022	31 December 2021
EUR	4.6899	4.5994
USD	4.4018	4.0600
RON	0.9475	0.9293

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. Material 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 and amortisation

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.

The Company uses the revaluation model for all investment properties if the fair value can be reliably estimated.

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.

As of 2022, due to a change in regulations, investment properties are not 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 determine the fair value of the investment even after its completion.

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 time past due ranges: current (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 over 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

Liabilities represent the Group's current obligation arising from past events, where the resolution of such obligation will lead to an outflow of resources embodying economic benefits from the Group.

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

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 25.3.4),
- Liquidity risk (Note 25.3.1),
- Market risk (Notes 25.3.2 and 25.3.3).

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.

In addition, the implementation of the concept of a low-carbon economy and the achievement of global targets for reducing the impact of climate change require consideration of sustainability risks in addition to financial risks. These issues are described in Section 1.2 of the Management Bord's Report on the activities of the MLP S.A. Group for the 12-months ended December 31, 2022.

4.1. Credit risk

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

4.1.1 Trade and other receivables

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

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

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

4.1.2 Loans

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

4.2. Liquidity risk

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

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

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

4.3. Market risk

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

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

4.3.1 Currency risk

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

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

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

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

4.3.2 Interest rate risk

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

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

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

4.4. Capital management

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

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

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

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

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

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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 2022 and in the reporting period then ended the Group had four geographical segments – Poland, Germany, Romania and Austria.

Operating segments:

for the year ended 31 December	2022					
	Poland	**Germany**	**Romania**	**Austria**	**Intersegment eliminations**	**Total**
Revenue						
Revenue from external customers	253,588	19,321	5,891	273	-	279,073
Gain/(loss) on revaluation of investment property	394,135	67,308	8,326	(14,204)	-	455,565
Total segment revenue	**647,723**	**86,629**	**14,217**	**(13,931)**	**-**	**734,638**
Segment's operating profit/(loss)	527,720	73,917	11,120	(14,764)	-	597,993
Segment's other income/(expense)	(6,718)	(1,031)	(5)	(23)	-	(7,777)
Profit/(loss) before tax and net finance costs	**521,002**	**72,886**	**11,115**	**(14,787)**	**-**	**590,216**
Net finance income/(costs)	(38,016)	(11,550)	(861)	(1)	(10,696)	(61,124)
Profit/(loss) before tax	**482,986**	**61,336**	**10,254**	**(14,788)**	**(10,696)**	**529,092**
Income tax	(96,051)	(12,532)	(1,642)	3,523	-	(106,702)
Net profit/(loss)	**386,935**	**48,804**	**8,612**	**(11,265)**	**(10,696)**	**422,390**

for the year ended 31 December	2021					
	Poland	**Germany**	**Romania**	**Austria**	**Intersegment eliminations**	**Total**
Revenue						
Revenue from 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
Total segment revenue	**606,004**	**102,333**	**(2,898)**	**34,293**	**1,179**	**740,911**
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)
Profit/(loss) before tax and net finance costs	**504,883**	**97,559**	**(5,478)**	**33,809**	**1,481**	**632,254**
Net finance income/(costs)	(22,837)	(4,708)	(1,174)	(2,599)	(1,481)	(32,799)
Profit/(loss) before tax	**482,046**	**92,851**	**(6,652)**	**31,210**	**-**	**599,455**
Income tax	(91,364)	(20,029)	920	(8,512)	-	(118,985)
Net profit/(loss)	**390,682**	**72,822**	**(5,732)**	**22,698**	**-**	**480,470**

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as at 31 December	2022					
	Poland	**Germany**	**Romania**	**Austria**	**Intersegment eliminations**	**Total**
Assets and liabilities						
Segment's assets	4,486,777	654,498	84,611	102,594	(338,342)	4,990,138
Total assets	**4,486,777**	**654,498**	**84,611**	**102,594**	**(338,342)**	**4,990,138**
Segment's liabilities	2,178,958	478,970	71,020	90,688	(327,449)	2,492,187
Equity	2,307,819	175,528	13,590	11,907	(10,893)	2,497,951
Total equity and liabilities	**4,486,777**	**654,498**	**84,610**	**102,595**	**(338,342)**	**4,990,138**
Expenditure on properties	**459,552**	**96,590**	**1,531**	**10,927**	**-**	**568,600**

as at 31 December	2021					
	Poland	**Germany**	**Romania**	**Austria**	**Intersegment eliminations**	**Total**
Assets and liabilities						
Segment's assets	3,489,672	494,034	72,478	103,458	(374,088)	3,785,554
Total assets	**3,489,672**	**494,034**	**72,478**	**103,458**	**(374,088)**	**3,785,554**
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
Total equity and liabilities	**3,489,672**	**494,034**	**72,478**	**103,458**	**(374,088)**	**3,785,554**
Expenditure on properties	**243,445**	**213,867**	**4,284**	**62,917**	**-**	**524,513**

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

for the year ended 31 December	**2022**	**2021**
Rental income	204,776	154,403
Other revenue	74,297	44,305
Revenue from development contract concluded by MLP Group S.A. [1)]	-	1,880
Total revenue	**279,073**	**200,588**

for the year ended 31 December	2022	2021
Rental income from investment property	152,886	116,832
Recharge of service charges	51,890	37,571
Rental income	**204,776**	**154,403**

for the year ended 31 December	2022	2021
Recharge of utility costs	71,338	41,632
Rental income from residential units	61	77
Services provided to tenants	2,099	1,837
Other revenue	799	759
Other revenue	**74,297**	**44,305**

In 2022, revenue was PLN 279,073 thousand, representing a year-on-year increase of 39%. Rental income from investment properties, of PLN 204,776 thousand, was the main source of the Group's revenue. This revenue stream includes: (i) rental income from the lease of investment property, and (ii) income from recharged operating expenses. The total increase in rental income was 33% and included increase in rental income of 31% and the increase in income from recharged operating expenses of 38%. The increase in rental income was mainly due to the delivery of space under lease contracts and extension of lease contracts for a total of approximately 235 thousand m^2. The increase was also a result of the indexation of rents. The increase in revenue from recharging operating expenses was linked to the increase in property maintenance costs.

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

In accordance with the type of contract criterion (IFRS 15), revenue derived from the development contract 2021 is revenue a from fixed-price contract, of PLN 1,880 thousand. The asset was recognised in the Polish segment and was accounted for in 2021.

7. Other income

for the year ended 31 December	**2022**	**2021**
Reimbursement of court fees	-	87
Reversal of impairment losses on receivables	9	5
Contractual penalties received	1,789	504
Other	713	1,241
Gain on disposal of non-financial non-current assets	15	23
Reversal of provision for future costs	515	600
Other income	**3,041**	**2,460**

8. Other expenses

for the year ended 31 December	**2022**	**2021**
Loss on disposal of non-financial non-current assets	(151)	-
Court fees	-	(23)
Costs of donations	(19)	(18)
Provision for usufruct charge (PWUG provision)	(6,905)	-
Costs covered by insurance policies	(225)	(807)
Other	(1,856)	(1,415)
Investment site acquisition costs	(1,169)	(3)
Written-off statute-barred receivables	(225)	-
Damages and contractual penalties	(268)	(520)
Other expenses	**(10,818)**	**(2,786)**

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The increase in other expenses was mainly attributable to:

- a provision of PLN 6,905 thousand to adjust the perpetual usufruct fees for 2013-2021 by the companies involved in the court cases described in Note 28.3,

- recognition of a provision of PLN 1,688 thousand (presented above in the item 'Other') for contribution to the Fund created under the Act of 27 October 2022 on emergency measures to limit the amount of electricity prices and support certain consumers in 2023.

The above provisions are estimates made by the Management Board in accordance with the principle of prudent valuation principle.

9. Distribution costs and administrative expenses

for the year ended 31 December	**2022**	**2021**
Depreciation and amortisation	(425)	(152)
Materials and consumables used	(53,060)	(38,241)
Services	(41,211)	(32,161)
Taxes and charges	(30,765)	(24,415)
Wages and salaries	(7,744)	(11,026)
Social security and other employee benefits	(1,586)	(1,033)
Other expenses by nature	(1,854)	(1,303)
Distribution costs and administrative expenses	**(136,645)**	**(108,331)**

In 2022, the distribution costs and administrative expenses amounted to PLN 136,645 thousand, representing a year-on-year increase of 26%. These costs include (i) costs of consumables and energy used, (ii) services, (iii) taxes and charges. The costs of consumables and energy used include the cost of utilities that are recharged to tenants. The main components of taxes and charges are property tax and usufruct charges, which are also recharged to tenants. The item also include the usufruct provision (Note 28.3). Services include two cost groups: (i) property maintenance services, recharged to tenants, (ii) and services recognised as part of administrative expenses.

10. Finance income and costs

for the year ended 31 December	**2022**	**2021**
Interest on loans	584	246
Interest received on cash flow hedging instruments	45	-
Interest on bank deposits	30	-
Net exchange differences	-	2,246
Other interest	2	-
Interest on receivables	9	36
Revenue from investment fund units	65	555
Other finance income	20	37
Total finance income	**755**	**3,120**

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for the year ended 31 December	**2022**	**2021**
Interest on borrowings	(27,118)	(14,544)
Other interest	(838)	(84)
Interest paid on swap contracts	(1,141)	(7,889)
Net interest on cash flow hedge	-	42
Net exchange differences	(17,569)	-
Interest on bonds	(11,145)	(8,849)
Other finance costs	(1,838)	(702)
Debt service costs	(2,230)	(3,893)
Total finance costs	**(61,879)**	**(35,919)**

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 2021 to 31 December 2022, the Polish currency depreciated by PLN 0.0905, or 1.93%. The depreciation of the złoty against the euro resulted in foreign exchange losses of PLN 17,569 thousand, which affected the Group's net finance income/(costs).

11. Income tax

In accordance with Polish laws, in 2022 and 2021, 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 2022 and 2021, 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%.

for the year ended 31 December	**2022**	**2021**
Current income tax	15,856	6,022
Temporary differences/reversal of temporary differences	90,846	112,963
Income tax	**106,702**	**118,985**

Effective tax rate

for the year ended 31 December	**2022**	**2021**
Profit before tax	**529,092**	**599,455**
Tax at the applicable tax rate (19%)	(100,527)	(113,896)
Excess of commercial property tax over income tax	(470)	-
Difference due to different rate of tax paid by the Austrian company	34	170
Difference due to 9% rate of tax rate paid by companies qualifying as small taxpayers	688	1,734
Non-taxable income	145	48
Difference due to different rates of tax paid by the German and Romanian companies	(280)	(872)
Unrecognised asset for tax loss	(979)	(5,327)
Write off of unused deferred tax asset for tax loss	(62)	(111)
Expenses not deductible for tax purposes	(5,251)	(731)
Income tax	**(106,702)**	**(118,985)**

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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

as at 31 December	**2022**	**2021**
Gross amount at beginning of period	**3,394,504**	**2,330,899**
Expenditure on properties	568,600	524,513
Exchange differences on translating foreign operations	14,306	(1,231)
Change in fair value	455,565	540,323
Gross amount at end of period	**4,432,975**	**3,394,504**

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 2022 included a perpetual usufruct asset measured at PLN 42,280 thousand.

Change during 2022 in the value of assets recognised as part of investment property in accordance with IFRS 16

As at 1 January 2022	**Increase**	**Decrease (depreciation)**	**As at 31 December 2022**
42,915	-	(635)	42,280

From 31 December 2021 to 31 December 2022, the value of investment property increased by EUR 207,480 thousand, bringing the total value to EUR 936,209 thousand.

The increase in investment property valuations, of PLN 1,038,471 thousand, was attributed to:

- increase in valuation of the existing property portfolio of PLN 973,170 thousand,

- increase in valuation related to the change in the EUR/PLN exchange rate of PLN 65,948 thousand.

As of the end of 2022, yield rates were decompressed across the entire property portfolio, resulting for the year. The increase in yield rates was largely offset by an increase in the estimated rental value (ERV), by 15% for the entire portfolio relative to the end of 2021.

The value of investment property was also impacted by the depreciation of the Polish currency against the euro, which amounted to PLN 0.0905 relative to the EUR/PLN exchange rate as of 31 December 2021, contributing PLN 65,948 thousand to the fair value of the investment property as of 31 December 2022, including PLN 51,642 thousand in the Polish portfolio and PLN 14,306 thousand in the foreign portfolio.

The Group is a party to litigation concerning revision of the perpetual usufruct charges for some of the land of MLP Pruszków I, MLP Pruszków II and MLP Pruszków III. 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.

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Investment property by country

Investment property by country *as at 31 December*		**2022**	**2021**
Poland		**3,619,775**	**2,766,095**
	Fair value of properties	3,577,495	2,723,068
	Perpetual usufruct	42,280	42,915
	Expenditure on properties not included in the valuation		112
Germany		**630,239**	**455,397**
	Fair value of properties	630,230	424,755
	Expenditure on properties not included in the valuation	9	30,642
Austria		**101,771**	**103,026**
	Fair value of properties	101,771	103,026
	Expenditure on properties not included in the valuation	-	-
Romania		**81,190**	**69,986**
	Fair value of properties	81,190	69,986
	Expenditure on properties not included in the valuation	-	-
	Gross amount at end of period	**4,432,975**	**3,394,504**

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 layer (or hardcore) method was applied to the valuation of buildings. In this method, rental income that is considered sustainable (i.e. all passing rent that is at or below market rent levels) is capitalised at an appropriate yield, with any 'top slice' or 'froth' rent, i.e. rental income from over-rented units, capitalised at a separate yield until expiry of the lease. This enables assigning a separate risk profile to the "riskier" over-rented component of the property, as appropriate. The yields applied take into account the terms of rent increases, vacancy risk, and expenses.

The valuations take into account, where relevant, the type of tenants currently occupying the property or responsible for fulfilling lease obligations, as well as the market's general perception of their creditworthiness. The valuations also consider the allocation of maintenance and insurance responsibilities between the lessor and lessee, as well as the remaining economic life of the property. In accordance with the hardcore valuation method, the fair value of the property is higher when the rent rate is higher and the yield is lower.

The residual method of property valuation is applied to valuing investment properties under development. In this method, the value of a property is estimated based on its developed value (i.e. on completion of the development project) using the income/market approach taking into account the development budget, including the developer's profit. Development costs include total construction costs, including fit-out costs, professional fees, financing costs and the developer's profit. In accordance with the valuation method, the higher the rent rate is, the higher the fair value of the property; the lower the yield rate – the higher the fair value of the property is, and the higher the estimated construction costs – the lower the fair value of the property.

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Land is valued using the market approach, which involves determining the likely value of a given plot of land by referencing to recent land sale transactions.

The market approach consists in estimating the value of properties (i.e. undeveloped land in this case) by comparing them with identical or similar undeveloped properties for which information on their prices is available.

To arrive at an accurate estimate of the property's value, the appraiser may apply price adjustments as necessary. In accordance with the market approach, the higher the price per square metre, the higher the fair value.

The Group measures the fair value of its property portfolio twice a year, i.e., as at 30 June and 31 December, unless changes occur which require remeasurement. The fair value of properties, which is expressed in the euro in valuation reports, is 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 2022, there were no transfers between the levels.

12.2. Assumptions made by independent expert appraisers for the valuation of existing buildings and buildings under construction

as at	*31 December 2022*		
			Reversionary Yield
	mean	**minimum**	**maximum**
Poland	6.84%	5.83%	8.91%
Germany	4.50%	4.43%	4.46%
Austria	n/a	n/a	n/a
Romania	7.78%	7.78%	7.78%

The project located in Austria is currently in the process of obtaining a building permit. Therefore, the land owned is being valued using the comparative method.

	Average market rental value (ERV) per m²		
	average for warehouse and office space	**warehouse space**	**office space**
Poland	EUR 4.30	EUR 3.90	EUR 11.00
Germany	EUR 5.67	EUR 5.20	EUR 9.10
Austria	n/a	n/a	n/a
Romania	EUR 3.53	EUR 3.50	EUR 7.00

	As at 31 December 2021		
	Reversionary Yield		
	mean	**minimum**	**maximum**
Poland	6.44%	5.67%	7.64%
Germany	4.30%	4.00%	4.42%
Austria	n/a	n/a	n/a
Romania	8.24%	8.24%	8.24%

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The project located in Austria is currently in the process of obtaining a building permit. Therefore, the land owned is being valued using the comparative method.

	Average market rental value (ERV) per m²		
	average for warehouse and office space	**warehouse space**	**office space**
Poland	EUR 3.68	EUR 3.30	EUR 9.00
Germany	EUR 4.90	EUR 4.60	EUR 8.70
Austria	n/a	n/a	n/a
Romania	EUR 3.29	EUR 3.25	EUR 7.50

The land reserve is valued using the comparative method. The used average rates per square meter of land by geographic segment are as follows:

– Poland in 2022: from EUR 26 to EUR 77, and in 2021: from EUR 30 to EUR 77,

– Germany in 2022: from EUR 114 to EUR 205, and in 2021: from EUR 120 to EUR 215,

– Austria in 2022: EUR 221, and in 2021: EUR 228,

– Romania in 2022: EUR 43, and in 2021: EUR 37.

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13. Deferred tax

as at 31 December	Deferred tax assets		Deferred tax liabilities		Net amount	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Investment property	-	-	408,332	310,697	408,332	310,697
Borrowings and loans	8,282	6,535	-	-	(8,282)	(6,535)
Derivatives	-	950	14,643	-	14,643	(950)
Other	13,869	6,646	-	-	(13,869)	(6,646)
Tax losses deductible in future periods	3,823	6,231	-	-	(3,823)	(6,231)
Interest on bonds	1	482	-	-	(1)	(482)
Deferred tax assets / liabilities	**25,975**	**20,844**	**422,975**	**310,697**	**397,000**	**289,853**

as at 31 December	**2022**	**2021**
Including:		
Deferred tax asset	(3,567)	(4,327)
Deferred tax liability	400,567	290,180
	397,000	**289,853**

[1)] Deferred tax on investment property is fully long-term, therefore at least 97% of the net deferred tax shown above is long-term.

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.

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	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	(3,848)	(3,389)	-	-	(6,231)
Interest on bonds	(459)	(23)	-	-	(482)
	174,923	**112,963**	**2,037**	**30**	**289,853**

	1 January 2022	**changes recognised in profit or loss**	**changes recognised in other comprehensive income**	**currency translation differences**	**31 December 2022**
Investment property	310,697	96,840	-	795	408,332
Borrowings and loans	(6,535)	(1,747)	-	-	(8,282)
Derivatives	(950)	90	15,503	-	14,643
Other	(6,646)	(7,226)	-	3	(13,869)
Tax losses deductible in future periods	(6,231)	2,408	-	-	(3,823)
Interest on bonds	(482)	481	-	-	(1)
	289,853	**90,846**	**15,503**	**798**	**397,000**

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14. Investments and other investments

as at 31 December	**2022**	**2021**
Receivables from measurement of Swap transactions	76,615	-
Other long-term investments	34,632	33,315
Long-term loans to related entities	16,626	20,572
Other long-term investments	**127,873**	**53,887**
Money fund units	-	71,380
Short-term investments	**-**	**71,380**
Restricted cash	7,058	3,501
Other short-term investments	**7,058**	**3,501**

Other long-term investments comprised non-current portion of restricted cash of PLN 34,632 thousand, including: (i) cash of PLN 19,763 thousand set aside pursuant to the terms of credit facility agreements to secure payment of principal and interest, (ii) PLN 8,072 thousand, a deposit created from a security deposit retained from a tenant, (iii) cash of PLN 214 thousand set aside on the CAPEX account, (iv) other retained security deposits of PLN 6,447 thousand, and (v) a PLN 136 thousand deposit for a 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 7,058 thousand, including: (i) a short-term portion of retained security deposit of PLN 5,438 thousand and (ii) a short-term portion of funds set aside pursuant to the terms of credit facility agreements of PLN 1,620 thousand.

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

	Loan assets
As at 31 December 2021	**20,572**
Interest accrued	584
Payment of interest on loan	(1,892)
Repayment of principal	(2,818)
Realised foreign exchange gains/(losses)	312
Change in carrying amount	(132)
As at 31 December 2022	**16,626**

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15. Other non-current assets

as at 31 December	2022	2021
Non-current prepayments and accrued income	882	939

16. Trade and other receivables

as at 31 December	2022	2021
Trade payables	31,050	18,104
Investment settlements	2,314	2,147
Prepayments and accrued income	10,223	8,046
Prepayments for property, plant and equipment and investment property under construction	252	-
Advance payment for purchase of land	11,503	9,294
Taxes and social security payable *	36,468	36,755
Trade and other receivables	**91,810**	**74,346**
Income tax receivable	808	2,003
Short-term receivables	**92,618**	**76,349**

* As at 31 December 2022, tax and social security receivable comprised VAT receivable of PLN 26,896 thousand as disclosed in the VAT returns filed and input VAT of PLN 9,572 thousand to be deducted in future periods.

The increase in trade receivables was mainly attributable to an increase in leased space.

The rent collection ratio was 98% unchanged year on year.

For more information on receivables from related entities, see Note 28.

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.

as at 31 December		2022		2021	
		Gross receivables	**Impairment loss**	**Gross receivables**	**Impairment loss**
Not past due		19,950	-	10,978	-
Past due:					
	1 to 90 days *	8,105	-	4,205	-
	91 to 180 days	331	(12)	295	-
	over 180 days	5,380	(2,704)	5,333	(2,707)
Total receivables		**33,766**	**(2,716)**	**20,811**	**(2,707)**

* of this amount, receivables past due up to 30 days amount to PLN 6,988 thousand.

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	2022	2021
Impairment losses on receivables as at 1 January	**(2,707)**	**(4,517)**
Recognition of impairment loss	(12)	-
Use of impairment loss	3	1,810
Impairment losses on receivables as at 31 December	**(2,716)**	**(2,707)**

17. Cash and cash equivalents

as at 31 December	2022	2021
Cash in hand	118	44
Cash at banks	145,789	177,190
Short-term deposits	169,000	-
Cash in transit	293	-
Cash and cash equivalents in the consolidated statement of financial position	**315,200**	**177,234**
Cash and cash equivalents in the consolidated statement of cash flows	**315,200**	**177,234**

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

Indications of impairment of 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.

All banks with which the Group holds cash have a minimum rating of A- (Fitch Ratings).

18. Notes to the consolidated statement of cash flows

18.1. Cash flows from borrowings

for the year ended 31 December	2022	2021
Proceeds from bank borrowings	440,112	463,086
Cash flows from borrowings	**440,112**	**463,086**
Cash flows from borrowings - amount disclosed in the consolidated statement of cash flows	**440,112**	**463,086**

for the year ended 31 December	2022	2021

Repayment of bank borrowings, including refinanced bank borrowings*)	(38,732)	(220,222)
Repayment of non-bank borrowings	(2,632)	(4,534)
Total cash flows from borrowings	**(41,364)**	**(224,756)**
Cash flows from repayment of borrowings	**(41,364)**	**(224,756)**
Cash flows from repayment of borrowings – amount disclosed in the consolidated statement of cash flows	**(41,364)**	**(224,756)**

*) During the same period in 2021, the Group secured a credit facility of PLN 194,722 thousand to refinance four projects, resulting in the repayment of PLN 193,840 thousand in liabilities from existing bank borrowings.

for the year ended 31 December	**2022**	**2021**
Total cash flows from repayment of loans	2,818	9,936
Total cash flows from repayment of loans	**2,818**	**9,936**
Total cash flows from repayment of loans - amount disclosed in the consolidated statement of cash flows	**2,818**	**9,336**

18.2. Change in receivables

for the year ended 31 December	**2022**	**2021**
Change in inventories	19	35
Change in trade and other receivables	(17,463)	8,084
Change in assets from ongoing construction contracts	-	6,403
Elimination of advance payment for land purchase	4,088	9,294
Change in receivables	**(13,356)**	**23,816**
Change in receivables disclosed in the consolidated statement of cash flows	**(13,356)**	**23,816**

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18.3. Change in current and other liabilities

for the year ended 31 December	2022	2021
Change in trade and other payables	59,668	50,957
Change in employee benefit obligations	(3,857)	4,129
Change in current liabilities under performance bonds and security deposits	2,435	1,035
Change in finance lease liabilities	(693)	5,910
Elimination of changes in investment commitments	1,851	(2,344)
Change in current and other liabilities	**59,404**	**59,687**
Change in current and other liabilities disclosed in the consolidated statement of cash flows	**59,404**	**59,687**

19. Equity

19.1. Share capital

as at 31 December	2022	2021
Share capital		
Series A ordinary shares	11,440,000	11,440,000
Series B ordinary shares	3,654,379	3,654,379
Series C ordinary shares	3,018,876	3,018,876
Series D ordinary shares	1,607,000	1,607,000
Series E ordinary shares	1,653,384	1,653,384
Series E ordinary shares	2,621,343	-
Ordinary shares – total	**23,994,982**	**21,373,639**
Par value per share	0.25	0.25

As at 31 December 2022, the Parent's share capital amounted to PLN 5,998,745.50 and was divided into 23,994,982 shares carrying 23,994,982 voting rights in the Company. The par value per share is PLN 0.25 and the entire capital has been paid up.

as at 31 December	2022		2021	
	number of shares	**Par value**	**number of shares**	**Par value**
Number/value of shares at beginning of period	**21,373,639**	**5,344**	**19,720,255**	**4,931**
Issue of shares	2,621,343	655	1,653,384	413
Number/value of shares at end of period	**23,994,982**	**5 99**	**21,373,639**	**5,344**

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20. 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.

for the year ended 31 December	**2022**	**2021**
Net profit(loss) for the period	**422,390**	**480,470**
Number of outstanding shares	23,994,982	21,373,639
Weighted average number of outstanding shares	21,452,279	20,679,218

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

for the year ended 31 December	**2022**	**2021**
- basic	19.69	23.23
- diluted	19.69	23.23

There were no dilutive factors in the presented periods.

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

21.1. Non-current liabilities

as at 31 December	**2022**	**2021**
Bank borrowings secured by the Group's assets	1,414,683	1,004,285
Bonds [1)]	332,983	344,955
Non-bank borrowings	16,654	20,633
Non-current liabilities under borrowings and other debt instruments	**1,764,320**	**1,369,873**

[1)] On 22 July 2022, the Company issued 6,000 Series E bearer bonds through a public offering for qualified investors, with a nominal value of EUR 1,000 per bond and a total nominal value of EUR 6,000,000. The bonds were issued as unsecured instruments. The objective of the issue was not specified. The bonds were registered under the ISIN number PLMLPGR00108 with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) and have been traded in the Catalyst alternative trading system since 22 July 2022. The bonds pay variable interest at 3M EURIBOR plus margin. The maturity date for the Series E bonds is set for 22 January 2024.

as at 31 December	**2022**	**2021**
Finance lease liabilities (perpetual usufruct of land) [2)]	42,280	42,915
Liabilities from measurement of SWAP transactions	-	4,980
Performance bonds	4,272	2,625
Security deposits from tenants and other deposits	8,507	7,719
Finance lease liabilities (vehicles)	-	58
Other non-current liabilities	**55,059**	**58,297**

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[1)] 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 financial statements 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.

21.2. Current liabilities

as at 31 December	**2022**	**2021**
Short-term bank borrowings and short-term portion of bank borrowings secured with the Group's assets	41,269	26,702
Bonds	50,896	94,520
Current liabilities under borrowings and other debt instruments	**92,165**	**121,222**

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.

The Group redeemed Series A bonds with a total value of EUR 20,000 thousand on 10 May 2022, resulting in lower debt as at the end of 2022 compared to the same period in 2021.

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

	Bonds
As at 31 December 2021	**439,475**
Issue of bonds	28,547
Interest accrued on bonds	11,145
Interest paid on bonds	(9,613)
Redemption of Series A bonds	(94,118)
Change in carrying amount	8,443
As at 31 December 2022	**383,879**

	Non-bank borrowings
As at 31 December 2021	**20,633**
Interest accrued	604
Payment of interest on loan	(1,854)
Change in carrying amount	(97)
As at 31 December 2022	**16,654**

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	Liabilities under bank borrowings
As at 31 December 2021	**1,030,987**
including derecognised commission fee as at 31 December 2021	2,354
Interest accrued	27,367
Interest paid	(24,412)
IRS interest accrued	1,098
IRS interest paid	(1,996)
Increase in bank borrowings	438,231
Repayment of principal	(36,851)
Realised foreign exchange gains/(losses)	1,517
Change in carrying amount	20,495
Interest capitalised	153
As at 31 December 2022	**1,455,952**
including derecognised commission fee as at 31 December 2022	**2,991**

	Finance lease (perpetual usufruct of land)
As at 31 December 2021	**42,915**
Annual depreciation expense	(635)
As at 31 December 2022	**42,280**

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21.4. Liabilities under bonds

Instrument	Currency	Nominal value	Maturity date	Interest rate	Guarantees and collateral	Listing venue
Private bonds – Series B	EUR	10,000,000	May 11 2023	6M EURIBOR + margin	*none*	Catalyst
Public bonds – Series C	EUR	45,000,000	Feb 19 2025	6M EURIBOR + margin	*none*	Catalyst
Public bonds – Series D	EUR	20,000,000	May 17 2024	6M EURIBOR + margin	*none*	Catalyst
Public bonds – Series E	EUR	6,000,000	Jan 21 2024	6M EURIBOR + margin	*none*	Catalyst

The Company redeemed Series A bonds with a total nominal value of EUR 20,000,000 on their maturity date, i.e. 10 May 2022.

1) On 22 July 2022, the Company issued 6,000 Series E bearer bonds through a public offering for qualified investors, with a nominal value of EUR 1,000 per bond and a total nominal value of EUR 6,000,000.

21.5. Unsecured borrowings and borrowings secured by the Group's assets

	currency	effective interest rate (%)	31 December 2022 matures in	31 December 2022 EUR '000 *	31 December 2022 PLN '000	31 December 2021 matures in	31 December 2021 EUR '000 *	31 December 2021 PLN '000
Bank borrowings secured by the Group's assets								
Working capital (VAT) facility	PLN	1M WIBOR + margin	-	80	377	-	-	-
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2028	2,737	12,835	2028	2,893	13,305
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	1,720	8,065	2027	1,813	8,341
Investment credit facility BNP Paribas S.A.	EUR	3M EURIBOR + margin	2029	10,336	48,271	2029	10,717	49,057
Investment credit facility ING Bank Śląski S.A., PKO BP S.A. and ICBC (Europe) S.A. Polish Branch	EUR	3M EURIBOR + margin	2027	99,690	465,724	2025	88,764	406,729
Investment credit facility PKO BP S.A.	EUR	3M EURIBOR + margin	2027	934	4,382	2027	981	4,513
Investment credit facility PKO BP S.A.	EUR	1M EURIBOR + margin	2026	6,630	30,885	2026	6,915	31,807
Investment credit facility PKO BP S.A. and BGŻ BNP Paribas S.A.	EUR	3M EURIBOR + margin	2027	64,158	300,702	2027	65,050	298,930
Investment credit facility BNP Paribas S.A.	EUR	1M EURIBOR + margin	2029	7,182	33,681	2029	7,423	34,142
Construction credit facility PEKAO S.A.	EUR	1M EURIBOR + margin	2029	16,204	75,750	2029	11,362	51,982
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	4,234	19,859	2024	4,247	19,535
Investment credit facility ING Bank Śląski S.A.	EUR	1M EURIBOR + margin	2024	1,675	7,853	2024	1,696	7,799
Working capital (VAT) facility	PLN	1M WIBOR + margin	2023	321	1,504	-	-	-
Construction credit facility PKO BP S.A.	EUR	1M EURIBOR + margin	2028	34,328	160,996	-	-	-
Investment credit facility ING Bank Śląski S.A.	EUR	3M EURIBOR + margin	2024	7,763	36,411	2024	8,116	37,328
Investment credit facility Bayerische Landesbank	EUR	1M EURIBOR + margin	2031	19,648	91,867	-	-	-
Investment credit facility OTP Bank Romania S.A.	EUR	3M EURIBOR + margin	2031	5,707	26,704	2031	4,056	18,595
Construction credit facility Bayerische Landesbank	EUR	3M EURIBOR + margin	2030	27,738	130,086	2029	10,637	48,924
Total bank borrowings:					**1,455,952**			**1,030,987**

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

On 30 December 2022, a new credit facility agreement was executed between MLP Łódź II Sp. z o.o. and Santander Bank Polska S.A. (Santander). As at 31 December 2022, there were no outstanding amounts under the facility.

			31 December 2022			31 December 2021		
	currency	**effective interest rate (%)**	**matures in**	**EUR '000**	**PLN '000**	**matures in**	**EUR '000**	**PLN '000**
Non-bank borrowings not secured by the Group's assets:								
Fenix Polska S.A.	PLN	3M WIBOR + margin	2029	1,377	6,459	2032	-	1,861
Fenix Polska S.A.	PLN	3M WIBOR + margin	2032	-	1,014	2032	-	7,735
Fenix Polska S.A.	PLN	3M WIBOR + margin	2032	-	7,162	-	-	-
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	-	2025	-	12
Fenix Polska S.A.	PLN	3M WIBOR + margin		-	-	2027	-	1,632
Fenix Polska S.A.	PLN	3M WIBOR + margin	2030	-	-	2026	-	123
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2032	-	942	-	-	-
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2032	-	633	-	-	-
Fenix Polska S.A.	PLN	3M WIBOR + margin		-	-	2025	-	300
Fenix Polska S.A.	PLN	3M WIBOR + margin	2026	-	130	-	-	-
Fenix Polska S.A.	EUR	3M EURIBOR + margin	2032	-	314	2029	1,950	8,970
Total non-bank borrowings:					**16,654**			**20,633**
Total unsecured borrowings and borrowings secured by the Group's assets					**1,472,606**			**1,051,620**

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22. Employee benefit obligations

as at 31 December	**2022**	**2021**
Special accounts	157	157
Provision for variable remuneration	1,914	5,771
Employee benefit obligations	**2,071**	**5,928**

In August 2022, cash benefits of PLN 5,771 thousand were paid from the variable remuneration provision.

23. Trade and other payables

as at 31 December	**2022**	**2021**
Trade payables	22,915	12,135
Deferred income	4,222	3,321
Taxes and social security receivable	6,461	5,251
Unbilled trade payables	20,788	11,578
Investment commitments, security deposits and other obligations	113,605	76,038
Trade and other payables	**167,991**	**108,323**
Income tax receivable	10,014	3,210
Current liabilities	**178,005**	**111,533**

As at December 31 2022, the Group did not have any past due trade payables owed to related parties.

The increase in trade payables is primarily attributed to obligations owed to tenants under the Act of 27 October 2022, which mandates emergency measures to curb electricity prices and support certain consumers in 2023.

The increase in non-invoiced trade payables is due to the recognition of accruals and deferrals related to variable remuneration of the management personnel.

The increase in investment liabilities compared to 2021 was primarily due to the Group's increased investments in 2022. The investment liabilities are classified as current liabilities.

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

as at 31 December	**2022**	**2021**
Not past due	166,960	101,604
Past due from 1 to 90 days	2,979	8,122
Past due from 91 to 180 days	2	1
Pas due over 180 days	146	368
Total trade and other payables	**170,087**	**110,095**

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.

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24. Financial instruments

24.1. Measurement of financial instruments

The fair value of financial assets and financial liabilities as at 31 December 2021 and 31 December 2022 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

as at 31 December	**2022**	**2021**
Hedging financial instruments measured at fair value through other comprehensive income		
Receivables from measurement of Swap transactions	76,615	-
	76,615	**-**
Financial assets measured at amortised cost:		
Cash and cash equivalents	315,200	177,234
Loans and receivables, including:		
• Trade and other receivables	33,616	20,251
• Loans	16,626	20,572
• Money fund units	-	71,380
• Other long-term investments	34,632	33,315
• Other short-term investments	7,058	3,501
	407,132	**326,253**
Total financial assets	**483,747**	**326,253**

As at 31 December 2022, the fair value of hedging instruments was PLN 76,615 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 2022, there were no transfers between the levels.

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Measurement of assets at amortised cost as at 31 December 2022:

	Stage 1	Stage 2	Stage 3
Gross carrying amount	**373,516**	**36,332**	**-**
Cash and cash equivalents	315,200	-	-
Loans and receivables, including:			
• Trade and other receivables	-	36,332	-
• Loans	16,626	-	-
• Other long-term investments	34,632	-	-
• Other short-term investments	7,058	-	-
Impairment losses (IFRS 9)	**-**	**(2,716)**	**-**
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(2,716)	-
Carrying amount (IFRS 9)	**373,516**	**33,616**	**-**

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

	Stage 1	Stage 2	Stage 3
Gross carrying amount	**306,002**	**22,958**	**-**
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	-	-
Impairment losses (IFRS 9)	**-**	**(2,707)**	**-**
Cash and cash equivalents	-	-	-
Loans and receivables, including:			
• Trade and other receivables	-	(2,707)	-
Carrying amount (IFRS 9)	**306,002**	**20,251**	**-**

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23.1.2 Financial liabilities

as at 31 December	**2022**	**2021**
Hedging financial instruments measured at fair value through other comprehensive income		
Liabilities from measurement of SWAP transactions	-	4,980
	-	**4,980**
Financial liabilities measured at amortised cost:		
Bank borrowings	1,455,952	1,030,987
Non-bank borrowings	16,654	20,633
Trade and other payables	170,087	110,095
Lease liabilities	42,280	42,973
Bonds	383,879	439,475
	2,068,852	**1,644,163**
Total financial liabilities	**2,068,852**	**1,649,143**

24.2. Other disclosures relating to financial instruments

Hedging

For information on collateral, see Note 26.

Hedge accounting

On 22 June 2022 and 1 July 2022, MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with Powszechna Kasa Oszczędności Bank Polski S.A.

On 21 June 2022 and 1 July 2022, MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o. and MLP Pruszków IV Sp. z o.o. entered into variable-to-fixed interest rate swap contracts with ING BANK ŚLĄSKI S.A.

Under the existing contracts, future interest payments on variable-rate credit facilities will be replaced with interest payments calculated based on schedules defined in the swap contracts.

Hedging instruments and hedged item

Entity	Hedged item as at 31 December 2022:		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	2022	2021	2022	2021
MLP Pruszków I Sp. z o.o.	43,656	204,742	43,656	204,742	3,201	(352)	15,013	(1,620)
MLP Wrocław Sp. z o. o.	15,753	73,879	15,753	73,879	1,866	(44)	8,753	(201)
MLP Pruszków III Sp. z o.o.	27,815	130,450	27,815	130,450	1,836	(181)	8,610	(833)
MLP Gliwice Sp. z o. o.	17,006	79,757	17,006	79,757	2,015	(47)	9,450	(216)
MLP Poznań Sp. z o. o.	5,430	25,466	5,430	25,466	173	(65)	810	(297)
MLP Teresin Sp. z o.o.	6,974	32,706	6,974	32,706	826	(19)	3,875	(89)
MLP Poznań II Sp. z o.o.	5,909	27,712	5,909	27,712	217	(17)	1,017	(78)
MLP Pruszków IV Sp. z o.o.	17,332	81,288	17,332	81,288	1,137	(110)	5,332	(508)
MLP Pruszków V Sp. z o.o.	15,333	71,910	15,333	71,910	1,063	(74)	4,987	(340)
MLP Czeladź Sp. z o.o.	3,526	16,537	3,526	16,537	269	(25)	1,261	(113)
MLP Lublin Sp. z o.o.	17,693	82,977	17,693	82,977	2,096	(49)	9,831	(225)
MLP Poznań West II Sp. z o.o.	6,622	31,055	6,622	31,055	569	(31)	2,671	(144)
MLP Pruszków II Sp. z o.o.	7,983	37,440	7,983	37,440	1,067	(69)	5,005	(316)
Total	**191,032**	**895,919**	**191,032**	**895,919**	**16,335**	**(1,083)**	**76,615**	**(4,980)**

Hedged item and hedging instrument – amortised Interest Rate Swap as at 31 December 2022.

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Amounts recognized in the consolidated statement of profit or loss and other comprehensive income in 2022:

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.	-	-	16,633
MLP Pruszków III Sp. z o.o.	-	-	9,443
MLP Pruszków V Sp. z o.o.	-	-	5,327
MLP Pruszków IV Sp. z o.o.	-	-	5,839
MLP Czeladź Sp. z o.o.	-	-	1,374
MLP Teresin Sp. z o.o.	-	-	3,964
MLP Poznań II Sp. z o.o.	-	-	1,096
MLP Poznań Sp. z o.o.	-	-	1,107
MLP Gliwice Sp. z o. o.	-	-	9,666
MLP Wrocław Sp. z o. o.	-	-	8,954
MLP Poznań West II Sp. z o.o.	-	-	2,814
MLP Pruszków II Sp. z o.o.	-	-	5,321
MLP Lublin Sp. z o.o.	-	-	10,057
Total	**-**	**-**	**81,595**

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
Total	**-**	**42**	**10,722**

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24.3. 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.

24.3.1 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
2022	105 396	1,116,973	519,306	**1,741,675**
2021	43,878	608,338	456,207	**1,108,423**

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
2022	65,852	344,023	-	**409,875**
2021	104,132	370,951	-	**475,083**

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
2022	inflows	-	-	-	-
	outflows	-	-	-	-
	net cash flow	**-**	**-**	**-**	**-**
2021	inflows	-	2,475	422	**2,897**
	outflows	(4,752)	(2,981)	(144)	**(7,877)**
	net cash flow	**(4,752)**	**(506)**	**278**	**(4,980)**

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
2022	-	165	23,326	**23,491**
2021	-	456	23,794	**24,250**

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
2022	-	10,072	44,987	**55,059**
2021	-	10,797	47,500	**58,297**

24.3.2 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 2022 (PLN thousand):

Financial assets	PLN	EUR	other	Total
Hedging financial instruments measured at fair value through other comprehensive income				
Receivables from measurement of Swap transactions	-	76,615	-	**76,615**
Financial assets measured at amortised cost:				
Cash and cash equivalents	257,092	55,877	2,231	**315,200**
Loans and receivables, including:				
• Trade and other receivables	29,633	3,866	117	**33,616**
• Loans	-	10,230	6,396	**16,626**
• Money fund units	-	-	-	**-**
• Other long-term investments	10,417	24,215	-	**34,632**
• Other short-term investments	526	6,532	-	**7,058**
	297,668	**177,335**	**8,744**	**483,747**

Financial liabilities	PLN	EUR	other	Total
Hedging financial instruments measured at fair value through other comprehensive income				
Liabilities from measurement of SWAP transactions	-	-	-	**-**
Financial liabilities measured at amortised cost:				
Bank borrowings	1,881	1,454,071	-	**1,455,952**
Non-bank borrowings	14,765	1,889	-	**16,654**
Trade and other payables	67,866	102,089	132	**170,087**
Lease liabilities	42,280	-	-	**42,280**
Bonds	-	-	383,879	**383,879**
	126,792	**1,558,049**	**384,011**	**2,068,852**

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

Financial assets	PLN	EUR	other	Total
Financial assets at amortised cost:				
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**
	184,310	**139,830**	**2,113**	**326,253**

Financial liabilities	PLN	EUR	other	Total
Hedging financial instruments measured at fair value through other comprehensive income				
Liabilities from measurement of SWAP transactions	-	4,980	-	**4,980**
Liabilities from measurement of CAP transactions	-	-	-	**-**
Financial liabilities measured at amortised cost:				
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**
	90,968	**1,558,053**	**122**	**1,649,143**

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

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

as at 31 December	2022	2021
Increase in the EUR/PLN exchange rate by 5%	(72,868)	(70,921)
Increase in the USD/PLN exchange rate by 5%	(13,659)	99

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.

24.3.3 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:

as at 31 December	2022	2021
EURIBOR + 50 bp	(1,805)	(2,580)
WIBOR + 50 bp	(83)	(58)

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:

as at 31 December	2022	2021
EURIBOR + 50 bp	51	45
WIBOR + 50 bp	0	58

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:

as at 31 December	**2022**	**2021**
EURIBOR + 50 bp	433	652
WIBOR + 50 bp	1,340	408
US LIBOR + 50 bp	11	10

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.

IBOR reform

As a result of the ongoing reform and replacement of several Interbank Offered Rates ("IBORs"), certain IBORs ceased to be published on 31 December 2021, with some scheduled to be discontinued by 30 June 2023.

The Group holds the following financial assets and liabilities based on variable interest rates, which will transition to alternative interest rates benchmarks:

Financial assets, PLN '000		**EONIA**	**Total**
•	Loans	16,626	16,626
Total financial assets		**16,626**	**16,626**

Financial liabilities, PLN '000		**EONIA**	**Total**
•	Bank borrowings *	560,033	560,033
•	Non-bank borrowings	16,654	16,654
•	Bonds	383,879	383,879
Total financial liabilities		**960,566**	**960,566**

* As at 31 December 2022, the Group's liabilities under bank borrowings was PLN 1,455,952 thousand, of which PLN 895,919 were liabilities with hedged fixed interest rates. The table above shows liabilities with unhedged fixed interest rates.

24.3.4 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.

as at 31 December	**2022**	**2021**
Security deposits from tenants at end of reporting period	7,257	8,233

25. 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.

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As at 31 December 2022, 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 1,109.2 million, of which PLN 172.4 million was receivable within one year, PLN 536.5 million in two to five years, and PLN 400.3 million after five years.

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 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.

26. Contractual investment commitments

as at 31 December	2022	2021
Contractual investment commitments	66,612	176,253

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

27. Contingent liabilities and security instruments

In the period ended 31 December 2022, the Group recognised the following changes in contingent liabilities and security instruments:

- 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; recorded in Land and Mortgage Register on 1 March 2022 (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; recorded in Land and Mortgage Register on 1 March 2022 (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 connection with the execution of a new credit facility agreement on 21 March 2022 by MLP Business Park Berlin I Sp. z o.o. & Co. KG of Munich (Germany) with Bayerische Landesbank of in Munich, the following security interests were established for the lender's receivables under the agreement: (a) mortgage for up to EUR 19,646,550.00, securing claims under the credit facility agreement; (b) statement of voluntary submission to enforcement by the borrower for up to EUR 1,964,655.00; (c) assignment of any rights and claims of the borrower arising on sale of the property financed with the facility, (d) assignment of rights under lease contracts; (e) subordination of MLP Group S.A.'s receivables from the borrower under the Subordination Agreement.
- Following the acquisition on 24 May 2022 by MLP Poznań West II Sp. z o.o. of an additional property (plot No. 141) and its re-entry in the Land and Mortgage Register jointly with other properties under already existing No. KW PO1P/00325364/7, the joint contractual mortgages created to secure claims under the credit facility agreement of 10 February 2021 between MLP Poznań West II Sp. z o.o. and PKO BP S.A. also attached to the newly acquired property.

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- Under the amendment agreement of 2 June 2022 to the credit facility agreement of 9 May 2019 between MLP Pruszków I Sp. z o.o., MLP Pruszków III Sp. z o.o., and MLP Pruszków IV Sp. z o.o. and a syndicate of ING Bank Śląski S.A., PKO BP S.A., and Industrial and Commercial Bank of China (Europe) S.A. Poland Branch, the amounts of the available credit facility limits were increased by EUR 13,000,000.00, and the amounts of the following security interests were increased accordingly: (a) the amounts enforceable under the statements of voluntary submission to enforcement by the borrowers were increased as appropriate; (b) the amounts enforceable under the statements of voluntary submission to enforcement by all the shareholders in the borrowers were increased as appropriate.

27.1. Mortgages

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

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Entity	Land register number	Details	Mortgage charge
MLP Pruszków IV Sp. z o.o.	WA1P/00111450/7	Joint contractual mortgage securing claims of ING Bank Śląski S.A. under credit facility of on 9 May 2019, established as security with highest ranking priority in favour of the Mortgage Administrator, i.e. ING Bank Śląski S.A., and as pari passu ranking security in favour of ING Bank Ślaski S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Industrial and Commercial Bank of China LTD, Luxembourg Branch	EUR 140,895 thousand
		Joint contractual mortgage securing claims of ING Bank Śląski S.A. under Master Agreement No. 1 of 9 May 2019	EUR 3,386 thousand
		Joint contractual mortgage securing claims of PKO Bank Polski S.A. under Master Agreement No. 2 of 9 May 2019	EUR 2,818 thousand
		Joint contractual mortgage securing claims of Industrial and Commercial Bank of China LTD, Luxembourg Branch S.A. 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 in a) above, e) all other documented costs, described in § 6 of the credit agreement due to the bank and related to the amounts described in a) above, credit facility agreement No. 11/0002 of 8 August 2011, amended, inter alia, by Annex 2 of 29 November 2013, Annex 7 of 7 July 2017, Annex 8 of 31 October 2017, and Annex 9 of 11 June 2018	EUR 25,910 thousand

Entity	Land register number	Details	Mortgage charge
MLP Poznań Sp. z o.o. MLP Poznań II Sp. z o.o.	PO1D/00041539/8 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 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

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Entity	Land register number	Details	Mortgage charge
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of credit facility pursuant to credit agreement no. 11/0002 of 8 August 2011, as amended, and credit agreement of 9 February 2017, as amended; the mortgage secures repayment of tranches B, D, H, and payment of interest	EUR 1,353 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure payment of claims under hedging transactions (Transactions 1, 2, 3, 4 and 5), pursuant to the master agreement of 13 December 2013 for execution financial forward transactions and sale and repurchase transactions	EUR 1,788 thousand
		Joint contractual mortgage established in favour of ING Bank Śląski S.A. to secure repayment of VAT facility and variable rate payments under VAT facility of 9 February 2017	PLN 6,000 thousand

Entity	Land register number	Details	Mortgage charge
MLP Lublin Sp. z o.o. 2) 3)	LU1S/00012867/9 WA1G/00076402/9 GL1T/00099961/3 WR1E/00102562/6	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
		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 Teresin Sp. z o.o. 2) 5)	WA1G/00076402/9 LU1S/00012867/9 GL1T/00099961/3 WR1E/00102562/6	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
		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
MLP Wrocław Sp. z o.o. 2) 4)	WR1E/00102562/6 LU1S/00012867/9 WA1G/00076402/9 GL1T/00099961/3	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

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		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
MLP Gliwice Sp. z o.o. 2) 6)	GL1T/00099961/3 LU1S/00012867/9 WA1G/00076402/9 WR1E/00102562/6	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
		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
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 term loans)	EUR 28,987 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 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. 1)	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 76,662 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 74,705 thousand

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MLP Pruszków II Sp. z o.o. [7]	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 [8]	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 [9]	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
MLP Business Park Berlin I Sp. z o.o. & Co. KG	Grundbuch Zossen von Ludwigsfelde No. 2656	Contractual mortgage (Buchgrundschuld) established in favour of Bayerische Landesbank to secure claims under the credit facility agreement of 21 March 2022	EUR 19,647

[1] 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 76,662,272, securing claims under the credit facility agreement; (b) contractual mortgage for up to EUR 74,705,495, securing PKO BP's claims under the hedging contracts.

[2] 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 Powszchna 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.

[3] 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.

[4] 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.

[5] 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.

[6] 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.

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7) 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.
8) 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.
9) 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.

27.2. 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
• Security interests in MLP Group S.A.'s shares in the following companies:		
Registered pledges on shares:		
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
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 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 76,663 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

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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

Financial pledges on shares:

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

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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)	n/a
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

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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

Type of security interest	Secured claims	
• **Security interests in MLP Sp. z o.o.'s shares in the following company:**		
Registered pledges on shares:		0
• **Security interests in MLP Property Sp. z o.o.'s shares in the following companies:**		
Registered pledges on shares:		13,800
MLP Pruszków III Sp. z o.o. [1)]	claims of Deutsche Bank PBC S.A. under credit facility No. KNK/1212752 granted to MLP Pruszków III Sp. z o.o.	0
Registered pledges on shares:		

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

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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

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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

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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

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

Registered pledges on shares:

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

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- 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

27.3. Pledges on cash receivables and on collection of rights and assets

- 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 an organised set of movables and rights securing investment, construction and VAT credit facilities for up to EUR 32,156 thousand
  - registered pledge over an 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
  - 10 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 an 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 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 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:**
  - financial pledge over bank account of up to EUR 6,000 thousand

27.4. 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 Szałsza, 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.

27.5. 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 Bayerishe 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.

27.6. 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. Spółka Akcyjna Oddział w Polsce (Polish Branch), whereby the following security interests were created in favour of ING Bank Śląski S.A. as the security agent:**
  - 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,

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- 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.

27.7. 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 District Governor 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.

28. Related-party transactions

28.1. Trade and other receivables and payables

The balances of trade and other payables and receivables arising from related-party transactions as at 31 December 2022 were as follows:

	Trade and other receivables	Trade and other payables [1]
Parent		
CAJAMARCA HOLLAND B.V., Delft		
The Israel Land Development Company Ltd.	8	-
Other related parties		
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	2	-
Fenix Polska Sp. z o.o.	4	-
Total	**14**	**-**

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 [1]
The Israel Land Development Company Ltd.	43	-
Other related parties		
Fenix Polska Sp. z o.o.	1	-
Total	**44**	**-**

[1] Trade and other payables do not include the remuneration of key management personnel and share-based payments disclosed in Note 29.

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28.2. Loans and non-bank borrowings

Below are presented the balances of loans to and non-bank borrowings from related parties as at 31 December 2022:

	Loans	Non-bank borrowings
Other related parties		
Fenix Polska Sp. z o.o.	16,531	(16,654)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	95	-
Total	**16,626**	**(16,654)**

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

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

28.3. Income and expenses

Below are presented income and expenses under related-party transactions for the 12 months ended 31 December 2022:

	Revenue	Purchase of services and salaries	Interest income	Interest expense
Parent				
The Israel Land Development Company Ltd.	177	-	-	-
	177	**-**	**-**	**-**
Other related parties				
Fenix Polska Sp. z o.o.	6	-	577	(602)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	3	-	7	-
	9	**-**	**584**	**(602)**
Key management personnel				
Radosław T. Krochta	-	(3,071)	-	-
Michael Shapiro	-	(1,773)	-	-
Monika Dobosz	-	(1,727)	-	-
Agnieszka Góźdź	-	(1,431)	-	-
Tomasz Zabost	-	(1,424)	-	-
Marcin Dobieszewski	-	(1,117)	-	-
Other key management personnel	-		-	-
	-	**(10,543)**	**-**	**-**
Total	**186**	**(10,543)**	**584**	**(602)**

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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
Parent				
The Israel Land Development Company Ltd.	204	-	-	-
	204	**-**	**-**	**-**
Other related parties				
Fenix Polska Sp. z o.o.	6		242	(256)
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	1	-	4	-
	7	**-**	**246**	**(256)**
Key management personnel				
Radosław T. Krochta	-	(4,297)	-	-
Michael Shapiro	-	(2,064)	-	-
Tomasz Zabost	-	(2,546)	-	-
Marcin Dobieszewski	-	(608)	-	-
Other key management personnel	-	(1,392)	-	-
	-	**(10,907)**	**-**	**-**
Total	**211**	**(10,907)**	**246**	**(256)**

Fenix Polska Sp. z o.o. is related to the Group through Cajamarca Holland B.V., which as at 31 December 2022 held 100% of shares in Fenix Polska Sp. z o.o. and 42.69% of the Group's share capital.

29. Significant litigation and disputes

29.1. 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. S.K.A.) 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.

29.2. 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 29 September 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.

On 24 January 2023, court settlements were executed between DEPENBROCK Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa and MLP Gliwice Sp. z o.o. and DEPENBROCK Polska Spóła z ograniczoną odpowiedzialnością spółka komandytowa and MLP Poznań Sp. z o.o. The provisions of the settlement agreement have been fully carried out as of the date of this report. Consequently, the litigation with DEPENBROCK Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa was resolved and terminated.

29.3. Pruszków District Governor (*starosta*)

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 2022 the total amount potentially due was PLN 30,038 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 District Governor did not take into account the expenses incurred by the companies.

In previous years and the reporting period, the Group recognized a provision of PLN 9,289 thousand for potential claims by Pruszków District Governor related to changes in the perpetual usufruct charge.

30. Significant events during and subsequent to the reporting period

- On 17 February 2022 and 31 March 2022, PKO BP S.A. disbursed further tranches of the facility to MLP Poznań West II Sp. z o.o.
- On 21 March 2022, a credit facility agreement was executed by MLP Business Park Berlin I Sp. z o.o. & Co. KG with Bayerische Landesbank. On 20 April 2022, the first tranche of the facility was disbursed.
- On 28 January, 1 March and 28 April 2022, Bayerishe Landesbank disbursed further tranches of the facility to MLP Logistic Park Germany I Sp. z o.o. & Co.
- On 10 May 2022, MLP Group S.A. redeemed the entire issue of Series A notes on maturity.
- With respect to the credit facility agreement of 23 July 2021 executed by MLP Pruszków II Sp. z o.o. with Bank Polska Kasa Opieki S.A.: on 26 April 2022, three contractual mortgages were entered in Land and Mortgage Register No. WA1P/00073303/3 for the benefit of the lending bank.
- On 26 July 2022, the Supervisory Board resolved to appoint Ms Monika Dobosz and Ms Agnieszka Góźdź as Members of the Management Board of MLP Group S.A.
- On 22 July 2022, the Company issued 6,000 Series E bearer bonds through a public offering for qualified investors, with a nominal value of EUR 1,000 per bond and a total nominal value of EUR 6,000,000. The bonds were issued as unsecured instruments. The objective of the issue was not specified. The bonds were registered under the ISIN number PLMLPGR00108 with the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A.) and have been traded in the Catalyst alternative trading system since 22 July 2022. The bonds pay variable interest at 3M EURIBOR plus margin. The Series E bonds mature on 22 January 2024.
- On 30 December 2022, a new credit facility agreement was executed between MLP Łódź II Sp. z o.o. and Santander Bank Polska S.A. (Santander), whereby the bank agreed to provide the following loans to the borrower: (i) construction term loan of up to EUR 13,444,255.00; (ii) investment term loan of up to EUR 19,099,087.00; (iii) revolving facility (VAT facility), up to PLN 4,000,000.00.

- In connection with the execution on 30 December 2022 of the credit facility agreement by MLP Łódź II Sp. z o.o. and Santander Bank S.A. (Santander), on 10 January 2023 the following security interests were established to secure the lender's receivables under the facility agreement as well as the master agreement and hedging transactions:
  (a) contractual mortgage of up to EUR 28,648,630.50, securing claims under the credit facility agreement with respect to construction and investment credit facilities;
  (b) contractual mortgage of up to PLN 6,000,000.00, securing claims under the credit facility agreement with respect to the VAT facility;
  (c) contractual mortgage of up to EUR 2,700,000.00, securing Santander's claims under the master agreement and hedging transactions;
  (d) two registered pledges over shares in MLP Group S.A. up to the maximum secured amount of EUR 28,648,630.50 (as security for the construction and investment credit facility) and PLN 6,000,000.00 (as security for the VAT facility), and three financial pledges over shares in MLP Group S.A. up to the maximum secured amount of EUR 20,166,382.50 (as security for the construction credit facility), EUR 28,648,630.50 (as security for the investment credit facility), PLN 6,000,000.00 (as security for the VAT facility);
  (e) pledges over bank accounts: 24 registered pledges (12 pledges up to the amount of EUR 28,648,630.50 as security for the construction and investment credit facility, and 12 pledges up to the amount of PLN 6,000,000.00 as security for the VAT facility) and 33 financial pledges (as security for the construction credit facility (12) up to EUR 20,166,382.50, for the investment credit facility (12) up to EUR 28,648,630.50, and for the VAT facility (12) of PLN 6,000,000.00;
  (f) powers of attorney over the borrower's bank accounts and hold on bank accounts in accordance with the hold instruction;
  (g) statement of voluntary submission to enforcement,
  (h) statement of voluntary submission to enforcement by the borrower's sole shareholder;
  (i) assignment of rights under insurance policies, lease contracts with security, construction contracts with security, and management and administration contracts under the Assignment Agreement;
  (j) sponsor's commitment under the Support Agreement for cost overruns in the construction of Buildings B and Building C;
  (k) sponsor's commitments under the Support Agreement to address the borrower's liquidity shortfalls to ensure the Projected DSCR ratio;
  (l) subordination of claims under the Subordination Agreement;
  (m) deposit in the Debt Service Reserve Account.
- On 20 February 2023, MLP Group S.A. issued a guarantee of up to PLN 5,000,000 to support MLP Wrocław West Sp. z o.o. (as the investor) in connection with a road construction contract concluded by the latter with the Kąty Wrocławskie Municipality. MLP Group S.A. also agreed to voluntary enforcement of the guarantee in a notarial deed.

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.

30.1. Impact of the political and economic 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 Parent, this may increase demand for warehouse and logistics space offered by the Company.

In March 2022, the Group decided to provide tangible aid to refugees seeking a safe haven in Poland. MLP Group has converted one of its unoccupied facilities into a place of accommodation for people fleeing the war in Ukraine. The more than 820 m^2 two-storey office building has been properly refurbished and refitted and currently features 14 single-room dwellings, three fully equipped kitchens, four bathrooms, a laundry room, a dining room, a playroom for children, and a TV room. The aid was coordinated with the authorities of the town of Pruszków, which, having been notified of available space in the building, directed refugees there. MLP Group's suppliers and tenants were also involved in preparing the accommodation.

31. Variable remuneration and paid to members of management and supervisory bodies

for the year ended 31 December	**2022**	**2021**
Fixed remuneration of the Management Board:		
Radosław T. Krochta	699	628
Michael Shapiro	589	572
Tomasz Zabost	543	486
Marcin Dobieszewski	348	278
Monika Dobosz	240	-
Agnieszka Góźdź	247	-
	2,666	**1,964**

for the year ended 31 December	**2022**	**2021**
Provision for variable remuneration of the Management Board from the previous year used:		
Radosław T. Krochta	3,703	1,802
Michael Shapiro	1,496	422
Tomasz Zabost	2,081	1,066
Marcin Dobieszewski	340	374
	7,620	**3,664**

for the year ended 31 December	**2022**	**2021**
Provision for variable remuneration of the Management Board:		
Radosław T. Krochta	2,372	3,669
Michael Shapiro	1,184	1,492
Tomasz Zabost	1,184	2,060
Marcin Dobieszewski	769	330
Monika Dobosz	1,184	-
Agnieszka Góźdź	1,184	-
	7,877	**7,551**

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for the year ended 31 December	2022	2021
Remuneration of the Supervisory Board:		
Remuneration and other benefits		
Maciej Matusiak	57	48
Eytan Levy	57	48
Shimshon Marfogel	57	48
Guy Shapira	57	48
Piotr Chajderowski	57	48
Oded Setter	57	48
	342	**288**
Total remuneration paid to members of management and supervisory bodies	**10,628**	**5,916**

for the year ended 31 December	2022	2021
Other key management personnel:		
Remuneration and other benefits paid	-	1,062
Remuneration and other benefits payable	1,906	2,179
	1,906	**3,241**
Total remuneration paid to members of management and supervisory bodies and key management personnel	**12,534**	**8,095**

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.

32. Employees

for the year ended 31 December	2022	2021
Average headcount in the period	35	29

Signed by the Management Board and the person responsible for maintaining the books of account, using qualified digital signatures.

Pruszków, 17 March 2023