

# MLP GROUP

## 1H 2022 Results



August 2022





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**Radosław T. Krochta**  
Chief Executive Officer



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**Agnieszka Gózdź**  
Chief Development Officer



# 1. MLP GROUP AT A GLANCE



# 1. MLP GROUP AT A GLANCE

## Leading Integrated European Logistics Property Platform



### PREMIUM CLASS-A ASSET BASE

1

MLP Group is powerful vertically-integrated business model with full range of in-house capabilities, from property development to management.

2

Offers class-A warehouses, with strong commitment to sustainability, will be BREEAM certified as Excellent or Very Good, or as DGNB Gold or Platinum (in Germany and Austria).

3

Very experienced team – each senior team member with +15 years of industrial experience. Extensive development expertise across warehouse space, logistics centers and business parks.

MLP PRUSZKÓW I (168 280 SQM) - POLAND



MLP PRUSZKÓW II (359 048 SQM) - POLAND



# 1. MLP GROUP STRATEGY OF OWN DEVELOPMENTS

## Vertical integration



### Location Search

MLPG provides an overview of potential locations that match the size and use requirements of the client – **always in the core markets in Europe.**

### Design & Permit

MLPG applies and obtains all required permits - environmental and building permit on speculative basis in all locations across Europe, immediately.

MLPG's design and engineering team works closely with the tenants to agree detailed building specifications. A floorplan is agreed, and construction schedules are put in place.

### Construction

Each time before the commencement of the project, a general contractor is selected through a tender.

### Fit-out

After construction of the building shell is finished, MLPG assists with tenants to install specialized manufacturing machinery, technology and other details such as employee break out rooms, IT network and furnishings.

### Own property management

After move-in, MLPG park and facility managers keep in close contact with the tenants to ensure all systems operate efficiently and they are comfortable in their new premises.

MLPG agrees with its tenants on a yearly service contract, freeing the client to concentrate on his core business, to ensure safety and maintenance norms, outdoor cleaning, snow blowing, grounds-keeping and general building maintenance.

### MLPG Energy

MLPG is energy wholesaler providing energy and gas to its tenants benefiting from economy of scale and professional energy management.

This is also energy producer from PV Panels.



# 1. OUR PORTFOLIO

## Two property types



**BIG BOX** (i.e. large-scale) warehouses, primarily addressing e-commerce growth and increased demand from light industry customers, driven by such factors as relocation of production from Asia to Europe.

**City Logistics/MLP Business Parks** are operating as MLP Business Parks and offering small warehouse units (ranging from 700 to 2.5 ths sqm). MLP Business Parks are urban logistics projects with a high potential for growth, which address the retail evolution (e-commerce) and are located within or close to city boundaries with easy access to labour and public transportation.

BIG BOX



CITY LOGISTICS/BUSINESS PARK





# 1. OUR PORTFOLIO

## Premium CLASS-A Asset Base

Clear height of warehouse space: 10 m or 11.5 m





# 1. OUR PORTFOLIO

## Premium CLASS-A Asset Base



High standard offices



Buildings with daylight access on three sides



Glass façade



Ample parking places for trucks and personal cars.



Air conditioning



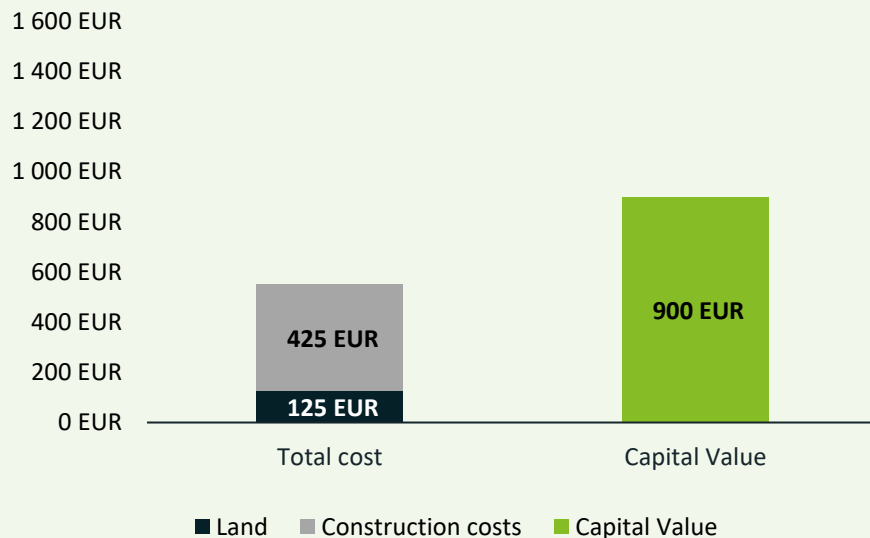
## 1. OUR PORTFOLIO

### Construction costs vs. Capital Value Poland, Germany, Austria

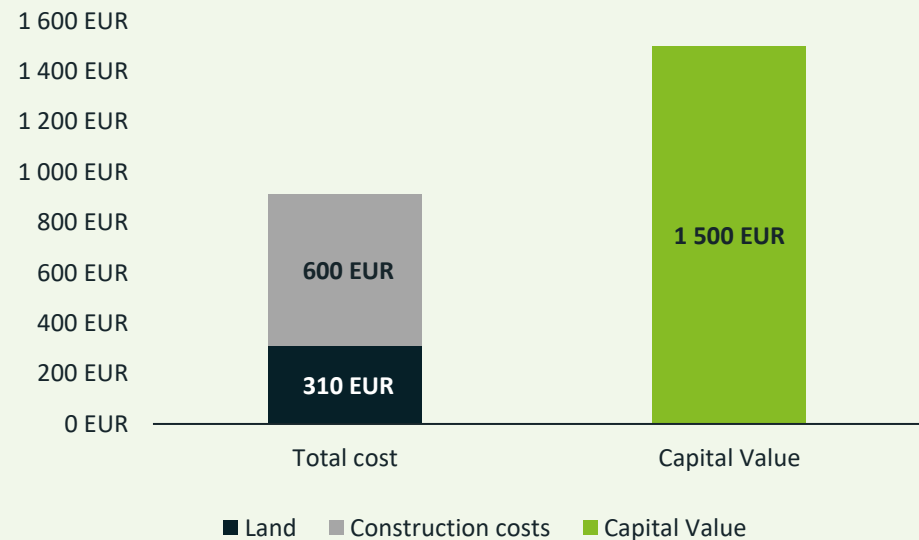


#### CONSTRUCTION COSTS VS. CAPITAL VALUE PER BUILDINGS' IN SQM

##### POLAND



##### GERMANY & AUSTRIA



# 2. 1H 2022

## EXECUTIVE SUMMARY



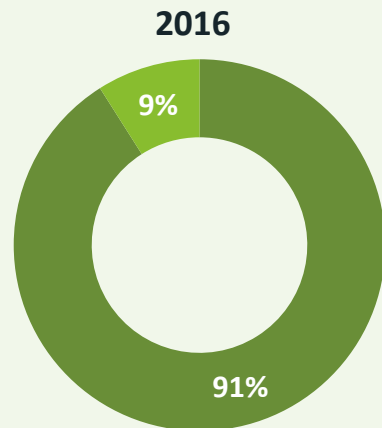


## 2. EXECUTIVE SUMMARY

### E-commerce market size

#### GLOBAL RETAIL MARKET SIZE

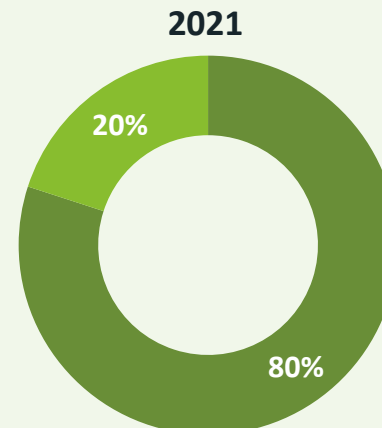
How big  
is the global  
e-commerce  
market?



■ Brick&Mortar ■ Online

**US\$13.9 trillion**

- Brick&Mortar: US\$12.6 trillion
- Online: US\$1.3 trillion



■ Brick&Mortar ■ Online

**US\$15.6 trillion**

- Brick&Mortar: US\$12.5 trillion
- Online: US\$3.1 trillion

**133% increase**

in global e-commerce sales over  
the past five years

**46% increase**

during the first two years of the  
pandemic (2020-21)

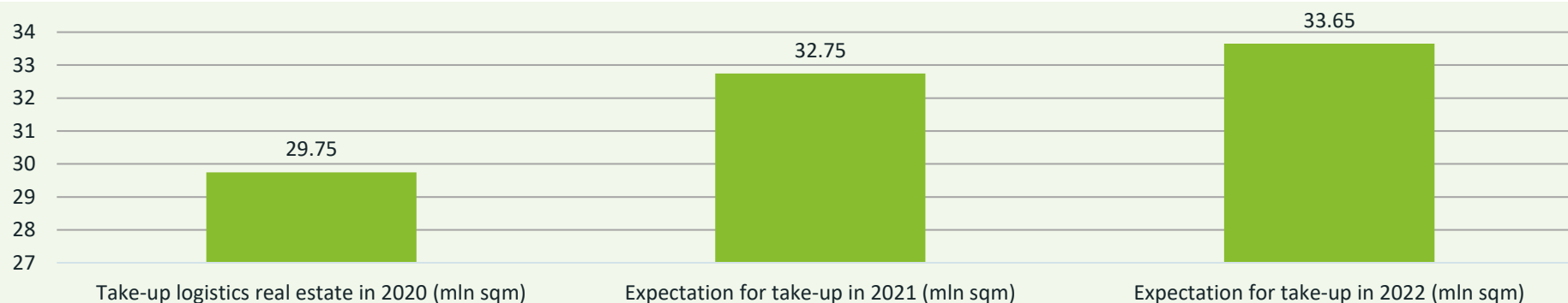
## 2. EXECUTIVE SUMMARY

### Industrial market in Europe in 2022



- 1 The European logistics market is set for another year of growth, as companies ramp up capacity to meet **booming e-commerce delivery demand and nearshoring activities in order to navigate mounting supply chain challenges.**
- 2 Forecast shows that there's no stopping the growth of logistics real estate take-up volumes, with a 3% increase predicted for 2022 to nearly 34 mn sqm, on the back of a bumper 10% growth booked last year.

#### Average estimation of the total take-up volume in 2021 and 2022 (mln sqm)



- 3 City distribution centers - in the city distribution centers segment (typically city and last mile hubs), the respondents are more pronounced in their forecast: 92% expect growth of this segment, in particular due to the rise of e-commerce and food delivery concepts



## 2. EXECUTIVE SUMMARY

### Industrial market in Europe in 2022



- 1 **Record demand for industrial space has continued to put upward pressure on rents and property values with the trend expected to continue in 2022 and 2023.**

#### Key points driving the demands in 2022 and 2023:

- 2 Strong demand, rent growth and investment activity, industrial real estate will stay hot in 2022. E-commerce's expansion will fuel the need for more warehouse space, as will the growing economy, population migration and the desire for "safety stock" onshore.
- 3 **Manufacturing/onshoring** - companies will also look to onshore more manufacturing. EU manufacturing output was solid in 2021, bolstering real estate fundamentals for manufacturing space, including positive net absorption, lower vacancy rates and record-high rents. This will continue in the coming year with technology, food manufacturing, automobile and medical companies leading the way.
- 4 **Supply chain volatility will additionally drive demand** - The top concern for occupiers in 2022 will be rising transportation costs and supply chain delays. The cost to ship goods via ocean freight increased more than 200% in 2021 and the cost for domestic freight increased over 50%

## 2. EXECUTIVE SUMMARY

### General – 1H 2022



#### DEMAND FOR LOGISTIC SPACE

Demand in Europe for Logistic space remains high – however a slowdown is visible due to lack of available units in Q2 2022

- Poland -> take up 2.29 mn sqm
- Germany -> take up 4.44 mn sqm
- Austria -> take up 270k sqm
- Romania -> take up 480k sqm
- New markets
  - Hungary -> take up 165k sqm
  - Netherlands -> take up 4.85 mn sqm

#### VALUATION

- Market rent's increase due to high demand for logistic space being accompanied with increased construction cost. In 1H2022 an average market rent raised about 9% in comparison to 2021.
- Continuous massive demand for industrial assets drives down the yields (even with potential interest rate increase by FED, ECB)

#### CONSTRUCTION COST

Construction costs – average increase 10-15%



## 2. EXECUTIVE SUMMARY

### General – 1H 2022



#### RENTS

- **Increase in new rentals (newly signed contracts) at the MLPG markets at approx. 24%**
- RENTS - existing lease contracts + ca. 8% (HICP for 1H 2022)

#### LIMITED EXPOSURE TO FX DUE TO NATURAL HEDGE

- All rents are either in EUR or denominated to EUR
- All contracts with general contractors are in EUR
- All financing debts are in EUR
- Maintenance costs being incurred in local currencies (costs referring to the properties) are fully recovered thanks to open-book service charges

#### INFLATION DRIVES UP THE REPLACEMENT COSTS OF BUILDINGS

- Higher replacement costs imply higher returns on the existing buildings upon lease renewal

## 2. EXECUTIVE SUMMARY

### Average Market Investment yields: Poland, Germany, Austria & Romania



POLAND	1H 2022	2021	2020	2019	2018
Warsaw	4.50	5.25	6.00	6.25	6.75
Silesia	5.00	5.25	6.25	6.25	6.75
Central Poland	5.00	5.25	6.15	6.25	6.75
Poznań	5.00	5.25	6.25	6.50	6.75
Wrocław	5.00	5.25	6.25	6.25	6.75
<b>GERMANY (net prime yields)</b>					
Berlin	3.00	3.40	3.70	4.15	4.55
Düsseldorf	3.00	3.40	3.70	4.15	4.60
Frankfurt	3.00	3.40	3.70	4.10	4.55
Hamburg	3.00	3.40	3.70	4.10	4.55
Cologne	3.00	3.40	3.70	4.15	4.65
Munich	3.00	3.40	3.70	4.10	4.40
Stuttgart	3.00	3.40	3.70	4.20	4.60
<b>AUSTRIA (net prime yields)</b>					
Vienna	3.90	4.00	4.70	5.00	5.30
<b>ROMANIA</b>					
Bucharest	7.00	8.50	8.50	8.50	8.75

Source: Cushman & Wakefield, BNP Paribas, JLL

## 2. EXECUTIVE SUMMARY

MLP Group 1H 2022 vs. 1H 2021



LEASED AREA

**+22%**

NET PROFIT

**+161%**

NAV

**+26%**

RENTAL  
REVENUES

**+29%**

VACANCY RATE

**-3 p.p.**

UNDER  
CONSTRUCTION

**+87%**



## 2. EXECUTIVE SUMMARY

### Key points in 2022 onwards



**MLPG development strategy** – significant focus on SBU (city logistic) as the product resilient to volatile economy and less exposed to rental cutthroat competition, a high growth potential product – addressing the retail evolution (e-commerce)

- 1 Diverse range of use: last mile delivery, light assembling lines, **data centres**, distribution points for retailers (online and traditional),
- 2 Expectation for an increase demand because of growth of digital economy
- 3 **Significantly lower price competition and better yields**
- 4 Smaller units are better accepted by municipalities in comparison to Big-Box as it is served with less heavy trucks and provide more employments opportunities.
- 5 Product is supplementary to urban development - proximity of residential area, lower use of transport means)
- 6 Speculative construction is a must

**Ultimately our SBU part of portfolio shall reach 50%/50% of total MLPG assets value by 2025**

# 3. 1H 2022 LEASING RESULTS

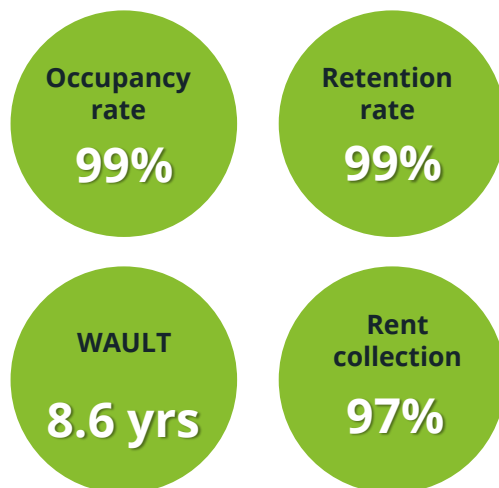


### 3. LEASING RESULTS - OUR CLIENTS

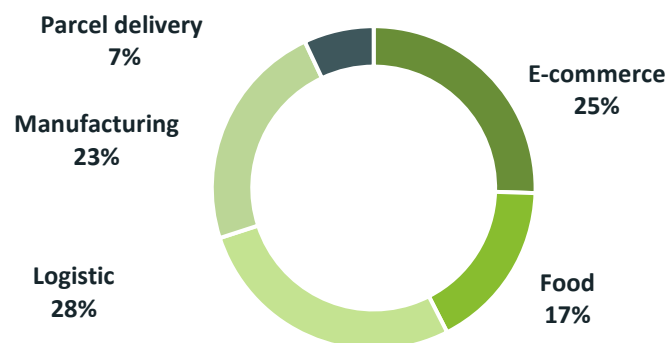
Partnership that deliver robust & growing income streams



#### STRONG OPERATING METRICS



#### OUR TENANTS BY SECTOR



#### TOP TEN CLIENTS BY GLA

TENANT	GLA THS SQM
L-ShopTeam (DE)	57 195
GTV (PL)	56 261
SPAR (PL)	45 361
Uniq Logistic (PL)	43 360
Electrolux (PL)	41 762
Partners (PL)	30 430
Auto Partner (PL)	27 692
Bega Gruppe (PL)	26 441
InPost (PL)	26 407
Żabka (PL)	24 945

- Top 10 tenants provide 35% of annual rental income
- 70% of new leases in 1H 2022 with existing MLP tenants

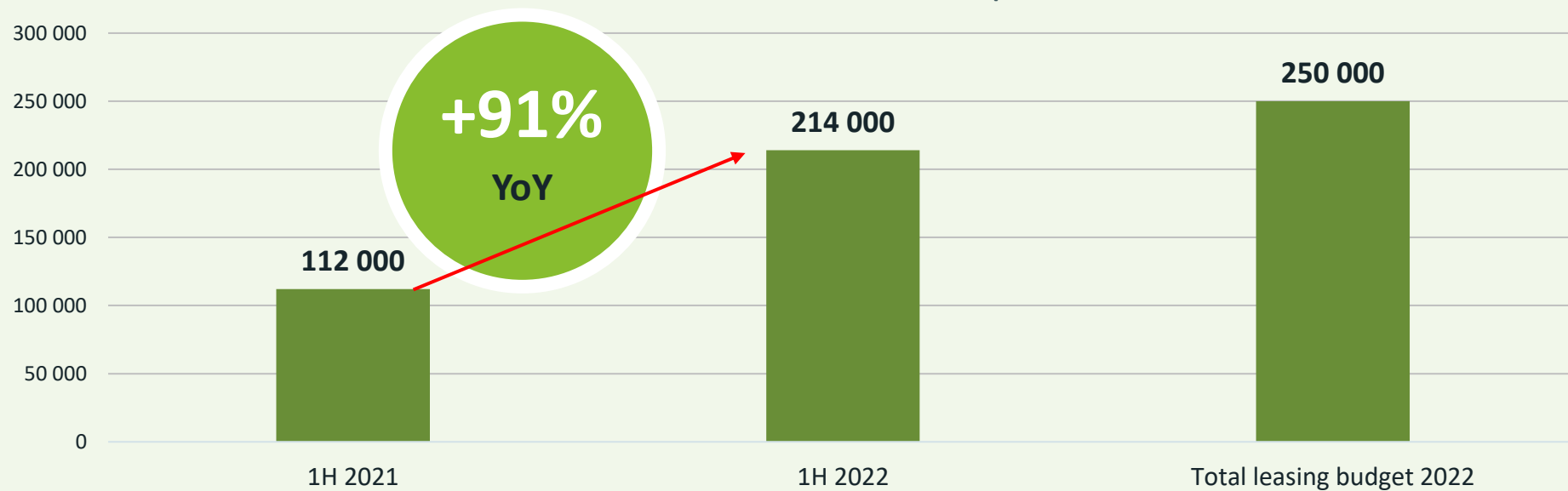


### 3. LEASING RESULTS

## Lease agreements in 1H 2022 - RECORD EVER

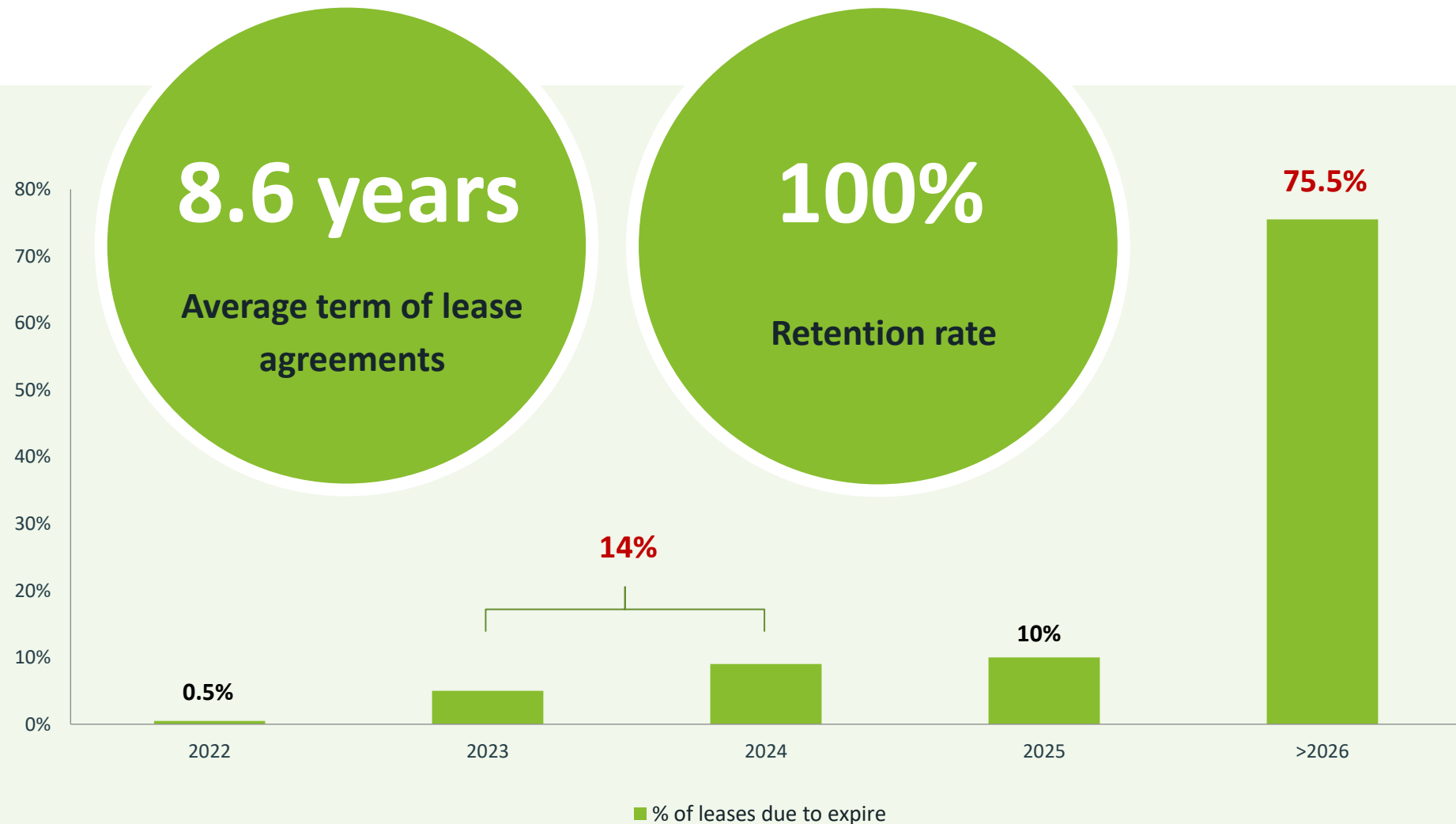
Current status

LEASE AGREEMENTS in sqm



### 3. LEASING RESULTS

#### Portfolio Vault and leases due to expire



# 4. STRONG EXPANSION





## 4. STRONG EXPANSION and new markets



## 4. STRONG EXPANSION and new plots reservation

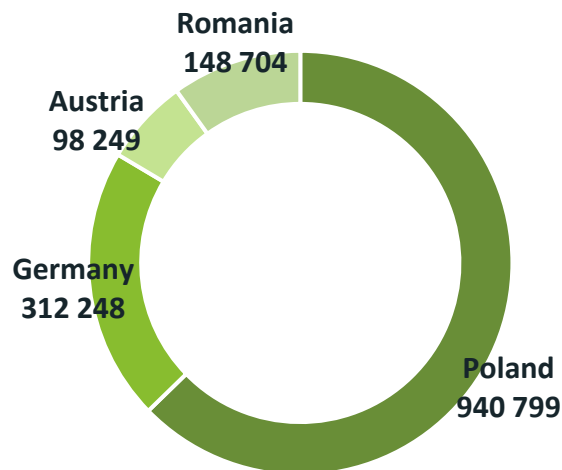


## 4. ACCELERATED LANDBANK ACQUISITIONS

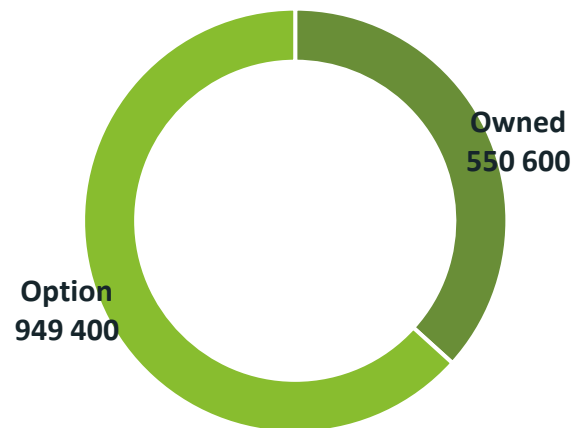
### Replenishing & growing development capacity



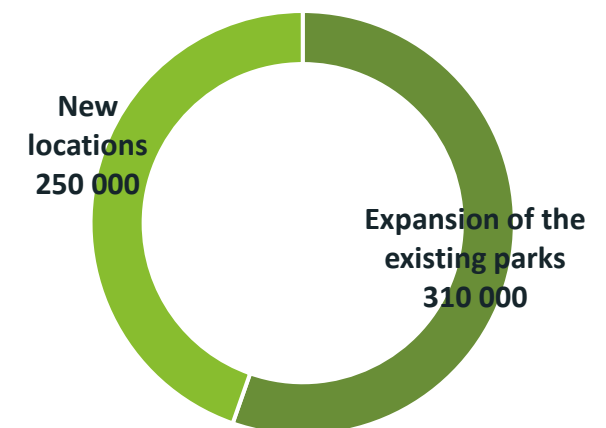
LAND BANK BY COUNTRY



LANDBANK IN SQM



ACQUIRED LAND BANK LOCATION



## 4. PROJECTS UNDER CONSTRUCTION Poland & Germany



**MLP POZNAŃ WEST II  
E – 51 000 sqm**



**MLP POZNAŃ WEST II  
A1.2 – 5 130 sqm**



**MLP BUSINESS PARK POZNAŃ  
7 000 sqm**



**MLP CZELADŹ  
B – 19 100 sqm**



**MLP ŁÓDŹ  
B – 27 000 sqm**



**MLP PRUSZKÓW II  
C3, C4 – 30 700 sqm**



**MLP LOGISTIC PARK UNNA  
(UNNA) - 56 900 sqm**



**MLP BUSINESS PARK BERLIN I  
5 900 sqm**



## 4. PROJECTS PLANNED IN 2022

### Poland & Germany & Austria & Romania



MLP POZNAŃ  
B – 20 790 sqm



MLP WROCŁAW  
B2.1, B2, C1.1 – 19 170 sqm



MLP BUSINESS PARK  
NIEDERRHEIN  
30 000 sqm



MLP BUCHAREST WEST  
20 000 sqm



MLP GORZÓW  
B – 21 100 sqm



MLP PRUSZKÓW II  
D – 30 000 sqm



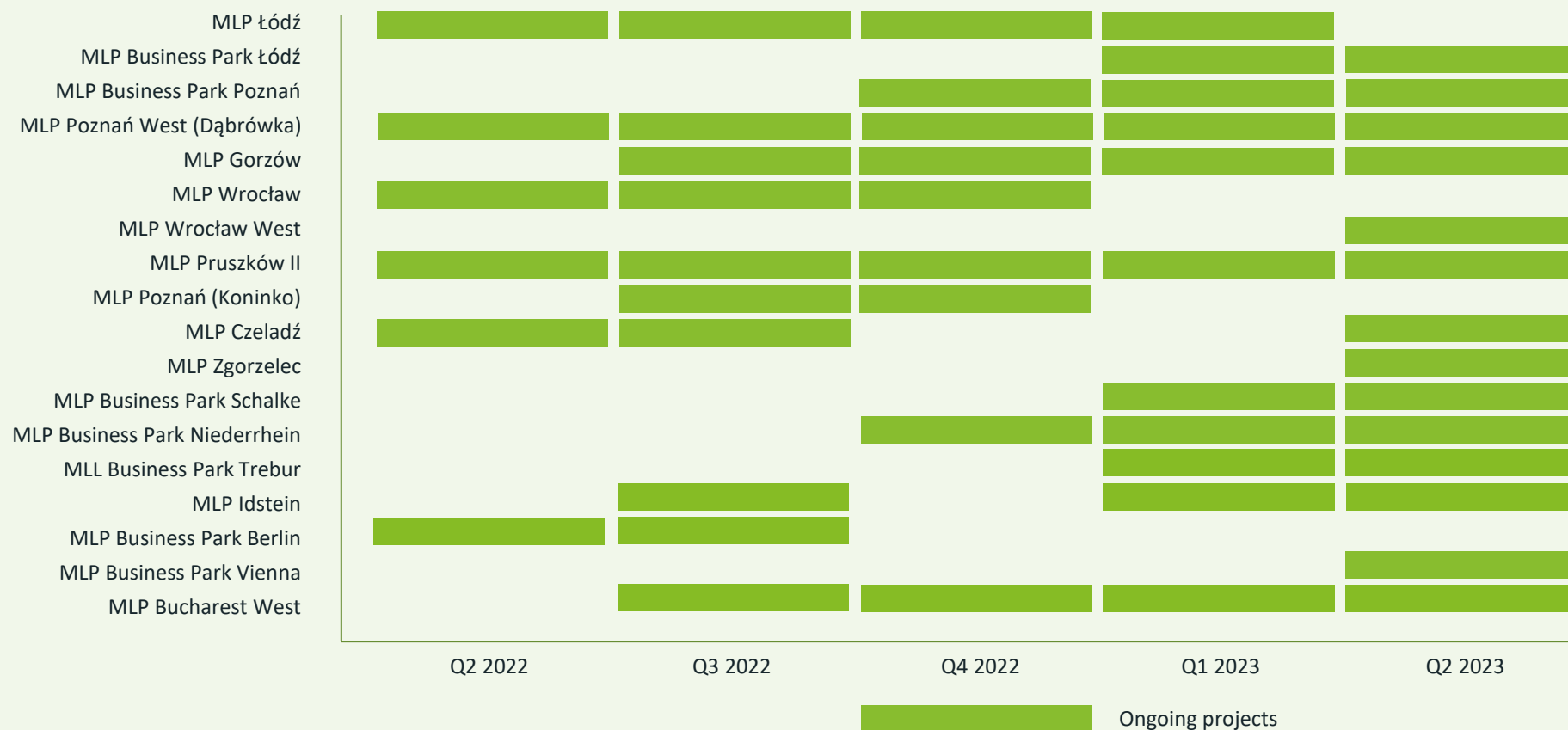
MLP BUSINESS PARK VIENNA

## 4. KEY POINTS FOR 2022

### Phasing of projects in Poland, Germany, Romania & Austria



#### Start of the Projects



# 5. FINANCIAL ACTIVITY IN 1H 2022





## 5. FINANCIAL DATA

### Key points in 1H 2022 - Financial position



	1H 2022 (IN PLN MN)	1H 2021 (IN PLN MN)	CHANGE		1H 2022 (IN PLN MN)	1H 2021 (IN PLN MN)	CHANGE (p.p.)		1H 2022 (IN PLN MN)	YE 2021 (IN PLN MN)	CHANGE
REVENUES	123.2	97.6	26%	GROSS MARGIN <sup>1)</sup>	63.4	63.0	0.4 p.p.	INVESTMENT PROPERTY	4 238.5	3 394.5	25%
OPERATING PROFIT	577.2	205.5	181%	OPERATING MARGIN BEFORE REVALUATIONS <sup>2)</sup>	48.2	46.5	2 p.p.	Cash and cash equivalents	119.4	177.2	-33%
PROFIT BEFORE TAX	539.0	204.7	163%	OPERATING MARGIN <sup>3)</sup>	468.3	210.6	258 p.p.	Other assets *	197.7	193.2	2%
NET PROFIT	433.9	166.5	161%	ROE <sup>4)</sup>	22.8	13.0	9.8 p.p.	TOTAL ASSETS	4 555.6	3 764.9	21%
EPRA EARNINGS	31.4	26.3	19%	EBITDA BEFORE REVALUATION GROWTH <sup>5)</sup>	31.0	5.4	26 p.p.	NAV	2 298.2	1 824.5	26%
EBITDA <sup>1)</sup>	577.4	205.7	181%	EBITDA GROWTH <sup>6)</sup>	180.9	5.5	175 p.p.	Financial liabilities - bank loans and IRS	1 292.1	1 036.1	25%
EBITDA BEFORE REVALUATION <sup>2)</sup>	59.6	45.5	31%					Financial liabilities - bonds	353.3	348.5	1%
								Other financial liabilities	42.6	42.9	-1%
								Other liabilities	569.4	512.9	11%
								TOTAL EQUITY AND LIABILITIES	4 555.6	3 764.9	21%

<sup>1)</sup> EBITDA = EBIT - Depreciation

<sup>2)</sup> EBITDA before revaluation = EBIT - Depreciation - Revaluation

<sup>1)</sup> Gross Margin = (Revenues - Cost of sales) / Revenues

<sup>2)</sup> Operating Margin before revaluations = (Operating profit - Revaluation) / Revenues

<sup>3)</sup> Operating Margin = Operating profit / Revenues

<sup>4)</sup> ROE = Net income / Average Shareholder's Equity

<sup>5)</sup> EBITDA before revaluation growth =  $[\Delta_{y,y} (\text{Operating profit} - \text{Revaluation})] / (\text{Operating profit}_{y-1} - \text{Revaluation}_{y-1})$

<sup>6)</sup> EBITDA growth =  $[\Delta_{y,y} \text{ Operating profit}] / \text{Operating profit}_{y-1}$

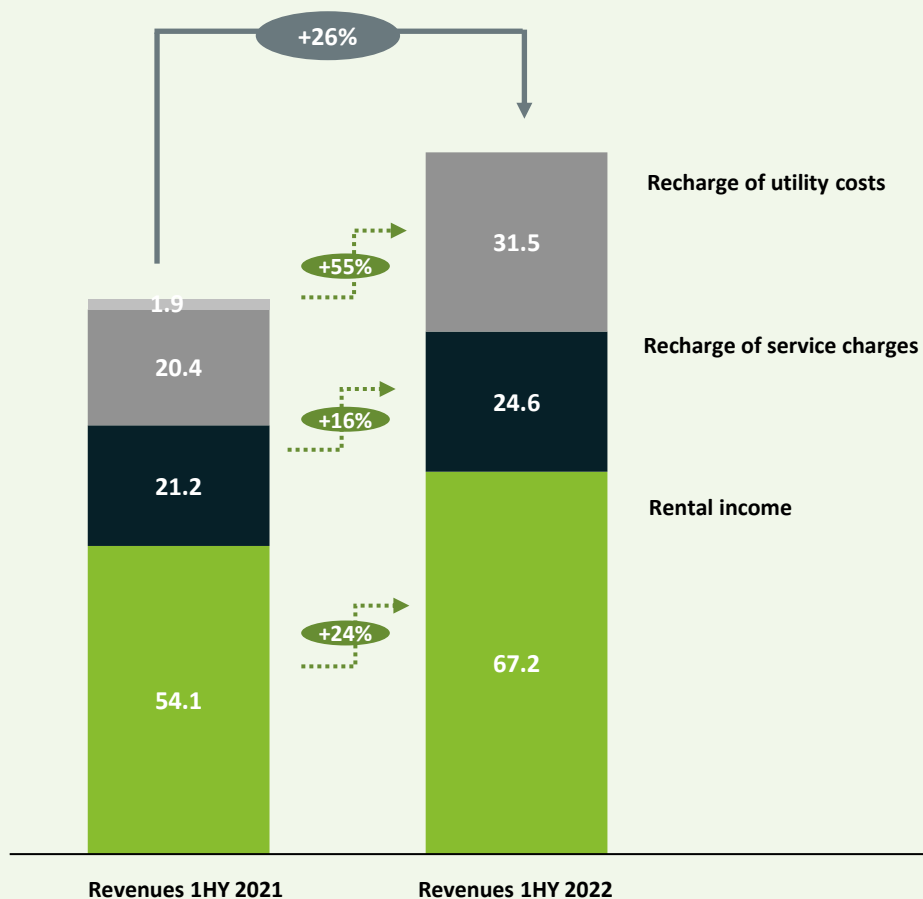
\* Net presentation of granted and received intercompany loans.



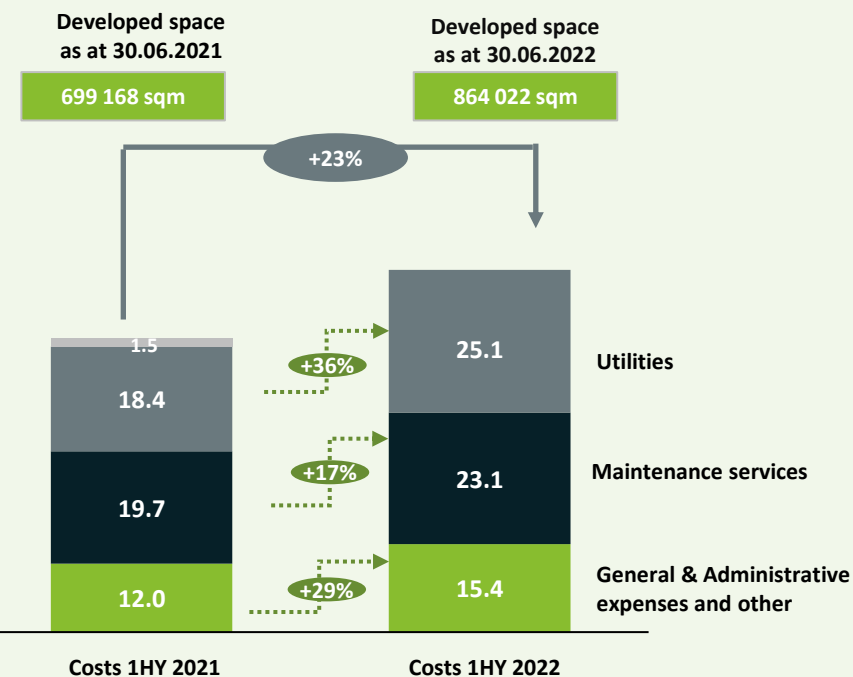
## 5. FINANCIAL DATA

### Key points in 1H 2022 - Financial position

#### REVENUES IN PLN MN



#### COSTS IN PLN MN



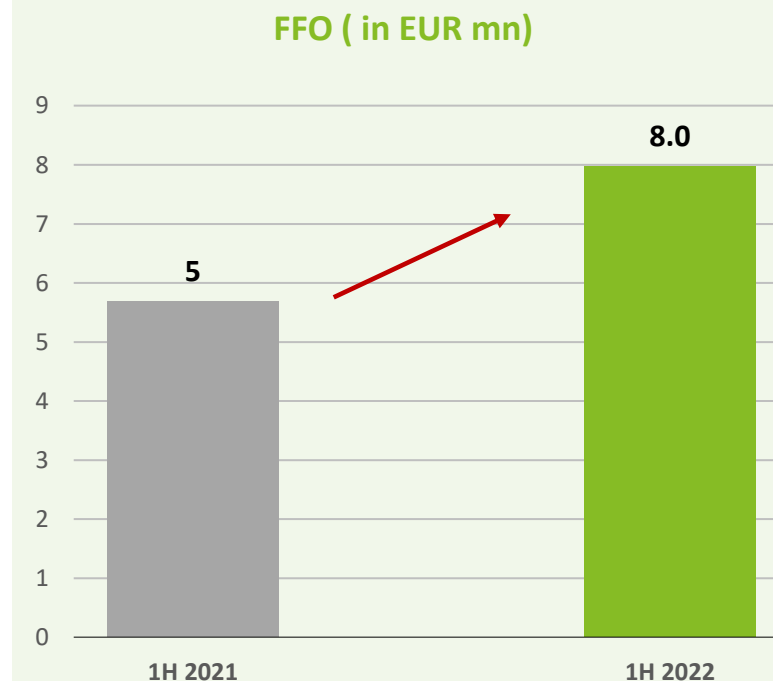
\*The chart above does not include Revenues and Costs related to Development Agreement

## 5. FINANCIAL DATA

### Key points in 1H 2022 - Financial position

As at 30 June 2022:

➤ LTV <sup>1)</sup>	34.9%
➤ ICR <sup>2)</sup>	3.6x
➤ NAV in PLN mn	2 298
➤ Financial debts in EUR mn (all-in)	342
among which:	
– Bank loans (secured on MLP's assets) in EUR mn	267
– Bonds (unsecured on MLP's assets) in EUR mn	75
➤ Weighted Average Interest Rate on financial liabilities (all-in)	2.0%
among which:	
– Weighted average interest rate on bank facilities	2.0%
– Weighted average interest rate on bonds	2.2%
➤ Weighted Average Unexpired Financial Debt Term (in years)	5.0



FFO does not include revenues and costs related to Development Agreements.

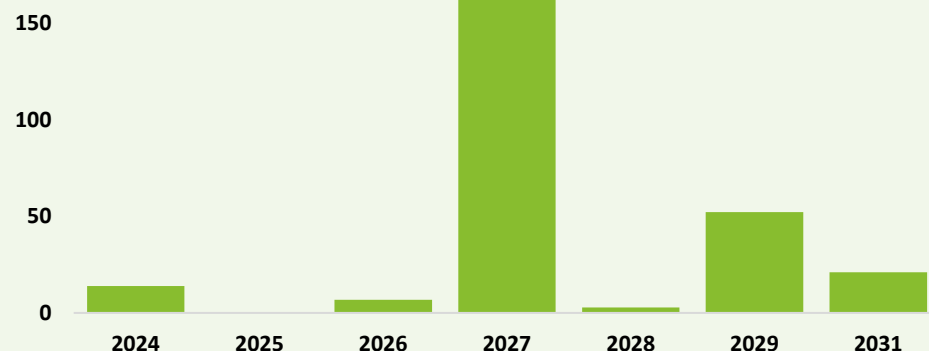
1) LTV % = (financial debt - cash & equivalents)/investment property

2) ICR excludes one - off financial expenses related to closing of the IRS transaction in connection to new portfolio agreements. If ICR includes one off transaction the value amounts to 3.0x

## 5. FINANCIAL DATA

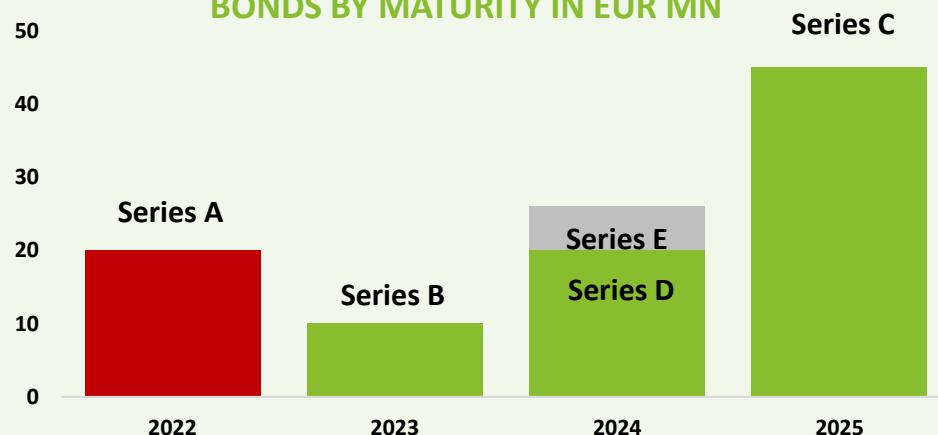
### Loans and bonds

EXISTING BANK LOANS BY MATURITY IN EUR MN



- MLPG is a reliable financing partner, with a solid financial position.
- Having signed bank loan agreements with Polish and German banks MLP has secured financing of EUR 102 mn for further development.

BONDS BY MATURITY IN EUR MN



- On 11<sup>th</sup> of May 2022 MLP Group redeemed bonds of series A in the total amount of EUR 20 mn at their maturity date.
- On 22 July 2022, the Company issued, by way of public offering for qualified investors, 6,000 Series E bearer bonds with a nominal value of EUR 1,000 per bond and total nominal value of EUR 6,000,000. The Series E bonds mature on 22 January 2024.
- In line with MLP's strategy for years 2022-2024, further bond issuings are being considered by the company, the amounts and timetables depends on market conditions.
- SPO of 2.6 mn new shares is also being considered - depending on the market conditions.

## 5. FUND RAISING IN 2H 2022

### MLP quotes vs. competition



	P/NAV	MARKET CAP (in mn EUR)	P/E		P/NAV	MARKET CAP (in mn EUR)	P/E
	0.65	329	2.01		2.57	3,320	5.29
	1.28	13,666	2.88		0.73	833	14.08
	1.82	6,165	4.18		0.74	270	5.99
	3.84	97,760	25.67		0.39	50	1.99
	1.06	1,432	2.99		1.85	484	6.94

as at 30.08.2022

source: stooq.pl, marketwatch.com





# 6. SUSTAINABLE DEVELOPMENT



## 6. GREEN INDUSTRIAL DEVELOPER

### Sustainability and innovation

- Implementing a strategic project to build solar PV farms on the roofs of its existing and new logistics parks.
- Generate ~ 9 to GWh of green energy in 2024.
- The green energy will be used primarily for internal consumption.
- 80% of the project portfolio to be BREEAM certified as Excellent or Very Good, or as DGNB Gold or Platinum (in Germany and Austria).
- Net zero carbon footprint to be achieved within two to three years.



## 6. GREEN INDUSTRIAL DEVELOPER

### PV Power Plants Programme



#### POLAND:

2022

- Until end of 2022 installation of approximately **6,3 MWp** of total power in **11 MLP Parks**, **100k sqm** of roofs.
- **Expected income of approx. 910 k EUR**

2023

- Installation of **8 MWp** of total power in existing and new parks at **150k sqm** of roofs
- **Expected income of approx. 1,700k EUR**

2024

- Expected installation in new parks in Poland – **3MWp**
- **Expected income of approx. 430k EUR**
- **Expected income of approx. 2,605k EUR yearly**

#### GERMANY & AUSTRIA:

- MLP Business Park Berlin **750 kWp**
- **Expected income 60k EUR**
- MLP Unna **530 kWp**
- MLP Business Park Wien **700 kWp**
- **Expected income of approx. 92 k EUR**

- Expected installation in new parks in Germany – **2MWp**
- Expected income – **130k EUR**
- **Expected income of approx. 2,605k EUR yearly**





## 6. GREEN INDUSTRIAL DEVELOPER

### PV Power Plants Programme in Germany



#### WE ALREADY BUILT PV INSTALLATIONS:

- **MLP Business Park Berlin**  
PV power ~ 500 kWp

In this year we will develop next:

- **MLP Business Park Berlin**  
PV power ~ 250 kWp
- **MLP Unna**  
PV power ~ 530 kWp

Total power of PV in MLP logistic parks in Poland and Germany will be **~1,28 MWp**





## 6. PV POWER PLANTS PROGRAMME



### PV installations in Poland divided into 2 phases:

- 1 2022, Implementation of parks < 50 kWp and Development of the 50 kWp installation and implementation of new installations > 50 kWp (self-consumption ~95%)
  - Investment in 2022 - PLN 1.4 mn
  - Income - **PLN 4.16 mn**
  - Market value – **PLN 55.7mn (valuation yield of 7.5% applied)**
  
- 2 2022/2023, Development of the existing installations to 1 MW of power + development of next new 1MW in new parks
  - Investment in 2022 – **46 PLN mn (valuation yield of 7.5% applied)**
  - Income – **PLN 5 mn**
  - Market value – **69 PLN mn (valuation yield of 7.5% applied)**

## 6. PV POWER PLANTS PROGRAMME

### PV issues in Poland

- Problems with the overloaded electrical grids - modernization required
- Distribution system operators evaluate applications approximately 180 to 225 days
- Connection conditions issues by grid operators assume long connection times, even up to 3 - 4 years
- Refusals to connect PV installations occur more and more often
- Restrictions in the Master Development Plans to the capacity of 100 kW
- Discussion upon adaptation of the legislation, requiring Master Development Plans, indicating development of the PV power plans greater than 1 MW



# 7. ESG STRATEGY



## 7. ESG STRATEGY

### For MLP GROUP S.A.



#### E – Environmental goal

- Reducing the company's negative impact on the environment

##### Tasks to achieve this goal:

- renewable energy from PV + Energy efficiency
- reducing water consumption
- waste management
- bio-diversity



#### S - Social goal

- Drive a comprehensive effort to improve the quality of the environment and ensure environmental safety of the local communities

##### Tasks to achieve this goal:

- improve the safety and health of employees and customers
- ensure a safe workplace for employees
- create a friendly external environment
- provide charitable support
- provide charitable support





## 7. ESG STRATEGY

### For MLP GROUP S.A.



#### G - Governance goal

Incorporate ESG into business operations and reconcile corporate and social interests

##### Tasks to achieve this goal:

- consider issues relating to the environmental impact of projects,
- human rights and climate change
- in decision-making processes
- establish procedures and set
- measurable goals to ensure that environmental, climate and human
- rights risks are identified and avoided
- do business in line with ethical
- standards communicate ESG strategies and activities



**We focus primarily on measures geared towards reducing our adverse environmental impacts. We concentrate on our goal to achieve climate neutrality by 2026.**



# Thank you!

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