

Development Strategy of CPD S.A. for 2025–2028 – First Polish REIT Listed on the WSE

Vision:

This CPD S.A. strategy aims to create Poland's first modern Real Estate Investment Trust (proposed new company name: 1REIT SA), building shareholder value through a diversified portfolio of properties generating stable, long-term rental income.

Goal:

To build a real estate portfolio worth a minimum of PLN 1 billion by the end of 2028 within a REIT (*Real Estate Investment Trust*) structure.

Pillars of Success:

- * **Diversified Real Estate Portfolio:** Combining stable Polish markets with high-growth segments in the USA and Europe.
- * **Attractive Financing:** Strategy implemented through future share issuances, with an issue price of PLN 3.2 per share until end of 2025, for no more than 9,000,000 shares.
- * **Dividend:** Introduction of a dividend policy covering 2026 (from 2026 profits), assuming progressive growth of dividend payments up to 80% of net profit.
- * **Transparent Structure:** Operational model of a "capital management holding" with outsourcing of operations to the best partners.

1. Four Pillars of the Investment Strategy

1.1. Commercial Real Estate in Poland:

- * **Office Buildings – (Income Segment):**

We will focus on modern, ecological, energy-efficient buildings with long-term leases from reliable tenants (e.g. local government units, corporations, service companies). We allow the possibility of acquiring land for the construction of commercial properties in cooperation with an experienced and recognized industry partner.

1.2. Residential Rental Properties in Florida, USA (Income Segment):

- * In cooperation with Mr. Jarek Tadla, a recognized investor in the US market, we will invest in a diversified portfolio of residential properties in Jacksonville, Florida.

The US market offers deep liquidity, stable rental demand, and geographic and currency diversification (USD). The experience of Mr. Tadla and his team from Peoples Choise Apartments minimizes the risk of entering the international market.

1.3. Properties for Technology Investments (High-Growth Segment):

- * **Data Centers / AI Factories:** We will acquire and develop properties intended for lease to data center operators and artificial intelligence factories. This is a fundamentally growing segment requiring specialized infrastructure (access to power, cooling), which ensures long-term, secure lease agreements.

1.4. Hotel Properties in Poland and Europe (Income Segment):

- * We will acquire plots with hotel development potential in cooperation with recognized industry contractors, or acquire modern ready-made hotels in key tourist and business locations (e.g. Czestochowa, Warsaw, Katowice, Gdansk, Lodz, Krakow, Zakopane) and lease them to leading hotel operators (e.g. Marriott, Destigo, Accor) under long-term agreements with a guaranteed minimum income. This model ensures stable cash flow without direct involvement in management and day-to-day operations.

2. Market Analysis – Strategic Foundations

2.1. Commercial Real Estate Market in Poland

- * **2025 status:** Stabilization of the office market (Warsaw), strong demand for warehouse and logistics properties.
- * **10-year forecast:** Long-term growth driven by nearshoring, e-commerce, and EU funds. Evolution towards "green" and "flex" buildings.

2.2. Residential Rental Market (USA)

- * **Jacksonville (FL):** A dynamic growth market with strong population inflow and a tax-friendly climate.

2.3. Real Estate Market for Technology Investments (Data Center/AI)

- * **Primary locations:** Wroclaw, Czestochowa, Warsaw (good infrastructure, academic centers).
- * **Prospective locations:** Lodz (favorable location, developing high-tech zone).
- * **Key factor:** Access to high electrical capacity and a stable grid.

2.4. Hotel Real Estate Market in Europe

- * **Poland:** A growing market with a shortage of high-quality hotels in major cities.
- * **Southern Europe (Spain, Italy, Portugal):** Mature, stable "safe haven" markets with global tourist appeal, providing currency diversification (EUR).

3. Target Portfolio Structure (end of 2028)

Investment Segment	Target Share	Rationale
Warehouse & Logistics Properties (PL)	25%	High yield (7-8%), fundamental growth.
Office Buildings (PL)	20%	Stable cash flow, long-term leases.
Residential Properties (USA)	25%	Geographic & currency (USD) diversification, growth.
Properties for Technology Investments	15%	High-growth segment, long leases.
Hotels (PL and Europe)	15%	Stable income, currency diversification (EUR).

4. Financing Plan and Financial Projections

4.1. Financing Plan and Schedule

- * **Financing Source:**

The strategy will be implemented through share issuances and debt.

*** Issue Price:**

Until the end of 2025, the issue price will be maintained at PLN 3.2 per share, providing attractive entry conditions for early investors. The Company announces the possibility of limited dilution of existing shareholders participating in general meetings and subsequent share issuances.

*** Issuance Schedule:**

- * **2025 Issuances:** Financing of initial investments in Poland and beginning of cooperation with Mr. Tadla in the USA.
- * **2026 Issuances:** Expansion into the office and warehouse property market in Poland.
- * **2027–28 Issuances:** Financing of Data Center/hotel projects and further portfolio development.

4.2. Model Financial Results Achieved by Leading REIT Entities (Run-Rate after Full Investment)

1. **Return on Cost (Yield on Cost – YoC):** Average 6.5%–7.5% net for the portfolio (after deducting operating costs, management fees, but before CIT).
 - * **Logistics/self-storage properties:** ~7–8%
 - * **Office buildings (Warsaw):** ~6–6.5%
 - * **Residential properties (USA):** ~7–8% (net from lease agreements)
 - * **Hotels (operator agreements):** ~6–7% (guaranteed minimum income)
 - * **Data Center properties:** ~7–9% (long-term leases)
2. **Target Operating Expenditures and Management Costs:** ~1.5% of asset value per year.
3. Corporate income tax and dividend income at current levels.
4. **Financial Leverage:** Debt financing is permitted to increase the return rate for shareholders.

Financial Summary:

The presented growth path demonstrates that the Company is capable not only of achieving the goal of building a PLN 1 billion portfolio, but also of generating a significant and growing revenue stream for shareholders. The introduction of a dividend policy taking into account the Company's 2026 results, combined with dynamic growth of payouts in subsequent years, makes CPD S.A. an extremely attractive investment proposition combining capital appreciation with high, regular income.

5. Dividend Policy

The Management Board, taking into account the expectations of shareholders, commits to introducing a generous dividend policy:

- * Upon approval of the results for **2026**, dividend payments are planned to commence.
- * **Payout target:** The target dividend level of up to 80% of the consolidated net profit of the Company will be distributed to shareholders in the form of a dividend, paid quarterly or semi-annually.
- * This guarantees an attractive return rate (*yield*) even during the growth phase.

6. Organizational Structure and Operational Model

Principal rule: CPD S.A. will be a capital management holding, not a property operator.

- * **Level 1: Holding (Headquarters)**

- * **Management Board:** Strategy, finance, marketing, investor relations.
- * **Support Departments:** Finance, IR, PR, Legal, Investments (small, experienced team).
- * **Level 2: Special Purpose Vehicles (SPV)**
 - * Legally and financially separated entities owning specific assets (e.g. a single hotel, logistics park, residential property).
- * **Level 3: External Partners (Operators)**
 - * Best-in-class industry specialists: property management companies, global hotel operators, local partner in the USA (Jarek Tadla together with Peoples Choise Apartments).

7. Target Ideal Portfolio in Numbers:

* Warehouse and Logistics Properties:

- * 2–3 warehouse-logistics parks or hubs with a total area of approx. 150,000–200,000 m².
- * **Tenant diversification:** e-commerce leaders, logistics companies, distributors, self-storage operators.

* Office Buildings:

- * 1–2 Class A office buildings in Warsaw and at least 3 buildings in regional cities.
- * Occupancy rate of at least 95%, long-term leases with reliable tenants (10+ year leases).

* Residential Properties in the USA:

- * Portfolio of ~800–1,000 residential units (multifamily apartments) in diversified locations in Jacksonville.
- * Occupancy rate of at least 95%.
- * Managed by verified local operators under the leadership of the Jarek Tadla Team.

* Data Center and AI Factory Properties:

- * 2–3 specialized properties with energy and telecommunications infrastructure, leased on a long-term basis (10+ years) to leading market players.

* Hotels Poland and Europe:

- * 2–3 hotels in cities with a franchise agreement with a global brand (e.g. Marriott, Accor) and a guaranteed minimum income.

Key Advantages of the Target Ideal Portfolio Structure:

1. **High Diversification:** No single segment or geography dominates, significantly reducing risk.
2. **Diversified Return Rate and Stability:** Logistics, technology and US segments offer higher yield, while offices and hotels provide stable, predictable cash flow.
3. **Exposure to Strong Economies and Currencies:** The portfolio is protected against domestic risk through investments in the USA (USD) and the Eurozone (EUR).
4. **Trend Resilience:** The portfolio is protected against any single trend – combining the strength of logistics (e-commerce), technology (AI/cloud), tourism (hotels) and basic needs (housing).
5. **Market Attractiveness:** This structure is extremely attractive to institutional and foreign investors, which will facilitate future share issuances and support the Company's valuation.

8. Target Shareholders and Communication

- * **Group 1 (Foundation):** Institutional investors (pension funds/PTE, investment funds, insurance companies).
- * **Group 2 (Added Value):** Private investors (HNWI, Family Offices), strategic investors.
- * **Group 3 (Liquidity and Image):** Individual investors in Poland.

Communication: *Roadshow* in financial centers, direct meetings with institutions, educational campaign for individual investors based on an "investment story" combining global diversification with an attractive dividend.

9. Optimal Exit Strategy for Shareholders

After building a mature portfolio, shareholders will gain liquidity through:

1. Transformation into a Polish REIT and free trading of units on the stock exchange.
2. Sale of part of the portfolio to a strategic investor and dividend payment.
3. Continuation of investments and benefiting from high, regular dividends.

Summary

The presented strategy is ambitious but realistic. It combines safe investments in stable commercial markets in Poland with expansion into high-growth segments (technology) and locations (USA and Southern Europe) and introduces an attractive dividend policy. Geographic and segment diversification minimizes risk, while financing through share issuances does not burden the balance sheet with debt.

We are convinced that CPD S.A. has the potential to become an attractive investment product in the real estate market and to deliver above-average investment returns to our shareholders.

Appendix No. 1: Analysis of the Commercial Real Estate Market in Poland (2025 + 10-Year Forecast)

Status as of 2025:

- * **Office Buildings:** The Warsaw market shows signs of stabilization after a correction period. Demand is concentrated on modern, sustainable buildings (Class A, ESG) with high occupancy rates. In regional cities (Krakow, Wroclaw, Poznan), stable demand is maintained, driven by business service centers (BSS/SSC) and the tech sector.
- * **Warehouse Centers and Logistics:** Poland maintains its position as a European logistics hub. Warehouse space exceeds 30 million m². The vacancy rate remains low and rental rates are stable. Demand is driven by e-commerce, manufacturing, and the need for inventory management (nearshoring).
- * **Retail:** The market is consolidated. Modern shopping centers in large agglomerations dominate, showing resilience to economic fluctuations.

10-Year Forecast (2025–2035):

- * **Growth Trend:** The long-term forecast is positive. Poland, thanks to its geostrategic position, strong domestic market, and inflow of EU funds, will remain an attractive market for international capital.
- * **Office Buildings:** Evolution towards "flex-office" and "green-building" buildings, where premium rents will be commanded by facilities with the highest ecological and wellbeing standards.
- * **Warehouse Centers and Logistics:** Continued growth, particularly in the "last-mile logistics" segment in city centers and specialized facilities (cold storage, pharmaceutical warehouses). The market will require further investment in automation and robotics.
- * **Risks:** Economic cycle, ESG regulations, energy costs.

Focus on future assets: premium office buildings in Warsaw and modern warehouse-logistics parks at key transport hubs (Silesia, Central Poland).

Appendix No. 2: Analysis of the Residential Rental Market (USA) – Florida (Jacksonville)

Jacksonville, Florida:

- * **Analysis:** One of the most dynamically developing markets in the USA. Strong population growth (inflow from the north), a tax-friendly environment, and a developing finance/technology sector. Average rents are growing steadily.
- * **Forecast:** Very positive. The residential market remains relatively affordable compared to other major Florida cities. A diversified economy reduces dependence on tourism.
- * **Risks:** Vulnerability to extreme weather events (hurricanes, flooding), which requires detailed due diligence when purchasing properties.

Cooperation with Mr. Jarek Tadla is crucial in the investment process and is very important for navigating local legal and tax conditions.

Appendix No. 3: Analysis of the Real Estate Market for Technology Investments (Data Center/AI) in Poland

- * **Key Location Factors:** Access to high electrical capacity, grid stability, low latency (proximity to data centers), access to cooling water, and appropriate telecommunications infrastructure.
- * **Location Analysis:**
 - * **Wroclaw:** Primary location of choice. Strongly developed academic and business centers, good infrastructure, presence of technology clusters. Attractive to foreign investors.
 - * **Lodz:** The dark horse. Excellent location in the center of Poland, developing high-tech zone, potentially lower land and energy costs. Requires research on power availability.
 - * **Czestochowa:** A niche but geographically attractive location. Advantages may include lower operating costs and support from local authorities. The key challenge is access to sufficient electrical capacity and advanced infrastructure.

Appendix No. 4: Analysis of the Hotel Real Estate Market in Poland and Southern Europe

* Poland:

- * **Analysis:** Market dominated by Warsaw (business) and Krakow (tourism). Occupancy rates (OBIT) are high, and revenue per available room (RevPAR) has recovered post-pandemic. There is a shortage of high-quality hotels in major cities (e.g. Wroclaw, Poznan, Czestochowa, Tri-City).
- * **Forecast:** Stable growth, driven by urban tourism and business events.

* Portugal, Italy, Spain, France:

- * **Common Features:** These are mature tourist markets of global significance. They provide currency diversification (EUR) and are a "safe haven" for capital.
- * **Portugal (Lisbon, Porto, Algarve):** Strong growth in the last decade. The market may be at the top of the cycle. Regulatory pressure on short-term rentals may be beneficial for traditional hotels.
- * **Italy (Rome, Milan, Venice, Florence):** Eternal cities with enduring appeal. High entry barriers and costs, but very stable demand.
- * **Spain (Madrid, Barcelona, Costa del Sol, Balearic Islands):** Europe's largest tourist market. Highly diversified (business, beaches, cities). Competitive, but with deep liquidity.
- * **France (Paris, French Riviera, Alps):** Paris is the largest premium market in Europe. Very stable business and luxury demand.

We propose allocating 70% of capital to the stable markets of Southern Europe (mainly Portugal, Spain, Italy) through the purchase of hotels with long-term agreements with global operators (Marriott, Hilton). The remaining 30% should be allocated to the growing Polish market, acquiring hotels in popular locations with good operational agreements.