

PRESS RELEASE

Amsterdam, 19 November 2021

Arcona Property Fund N.V. sells office building in Žilina

Arcona Property Fund N.V., a listed fund that invests in commercial real estate in Central Europe, has sold a 1970's office building in Žilina (Slovakia) for EUR 4 million to a local development company. The Fund's overall portfolio allocation to Slovakia has now been reduced to 28%, compared to 36% at the beginning of 2021.

The property was acquired by Arcona Property Fund (the Fund) in 2006 for EUR 2.6 million and its appraised value at 31 December 2020 was EUR 4.73 million. The current occupancy rate of the building is 64%, well below the Fund average of 88%, and the net income is EUR 132,000 per annum.

Following this sale, the overall gross asset value of the Fund is EUR 81 million and the net asset value (NAV) is EUR 44.2 million, with NAV per share falling by 1.3% to EUR 11.77. The portfolio loan-to-value ratio improves to 44.1% from 45.7%, and the portfolio occupancy rate improves to 89.4% from 87.8%.

In accordance with current Fund policy, the cash proceeds from the sale after transaction costs and bank loan repayment will be used for partial repayments (EUR 2.5 million) of the short-term loans of EUR 3.5 million which were extended on November 1, 2021. The remaining loan portion of EUR 1 million is due on March 31, 2022 and bears an annual interest of 10%. The total amount of loans at Fund level will thus reduce to ca. EUR 2.5 million in total.

Guy Barker, of the management board, commented as follows: *"This property has performed reasonably well for the Fund since purchase, but now requires substantial investment to bring it up to modern occupational standards. As it is a relatively large building in a regional city located outside the Fund's core markets, we felt this was not now an appropriate use of shareholders' funds. Whilst we would not normally agree to a sale below appraised value, the income contribution of this asset to the overall portfolio is low and our medium-term outlook for the property without significant capital investment is negative, thus our decision to exit now and allocate the proceeds to debt reduction at subsidiary and corporate level".*

PRESS RELEASE ENDS

Arcona Property Fund N.V. invests in commercial property in Central Europe. Shares in the Fund (ISIN-code NL0006311706) are tradeable daily via Euronext Amsterdam and the Prague Stock Exchange as a closed-end investment fund.

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