



Press Release

Amsterdam, 10 May 2017

Arcona Property Fund posts Q1 pretax profit of €1.438 million

Arcona Property Fund reported a first-quarter 2017 profit before tax of €1.438 million. Adjusted for valuation gains and one-off costs, the pre-tax profit for the January-March quarter was €424,000. Gross rental income rose to €1.976 million for the period.

“We are delighted with these results, especially as during the quarter we finalised the acquisition of the 11 shopping-centre Polish portfolio, which will lead to further improvements in the Fund’s operational ratios going forward,” said Guy Barker, managing director of Arcona Capital, an independent manager of property funds and asset manager of entrusted assets / properties in the markets of Central Europe. “Our focus now is on securing further growth opportunities for the Fund, whose total asset value we are looking to grow to €500 million by adding another 30 and 50 assets over the next three to five years.”

The full impact of the €25.9 million acquisition of a portfolio of 11 shopping centres in Poland will only show up in the results of the Fund from March 2017. The initial 8 properties were acquired in mid-December 2016 and the final three in March 2017, resulting in a valuation gain of €1.217 million. One-off costs related to the acquisition and the temporary VAT funding loan in Poland amounted to €203,000.

The Czech and Slovak portfolios demonstrated continuing income growth, with net income in the first quarter rising to €779,000 from €742,000 in the year-earlier period, an increase of 5%. Occupancy levels in the Czech portfolio rose from 86.7% at end-2016 to 95.6% at end-March, and in Slovakia from 73.5% at end-2016 to 74.4% at end-March.

Occupancy across the whole of the Fund’s portfolio was 84.1% at the end of the first quarter, up from 80.7% at the end of 2016. The Fund’s Loan-to-Value ratio rose from 49.3% at end-2016 to 56.7% at the end of the quarter.

The Fund also reported the completion of the sale of part of the VUP building in Brno, first announced on 6 April 2016. The sale price of €200,000 was in line with the 2016 year-end valuation.